



Heartland Institute Documents

On February 14, 2012, an unknown source provided ThinkProgress with internal documents from the Heartland Institute, a corporate-funded right-wing think tank involved in climate, health care, telecommunications, and education policy, and Midwest politics. Heartland has issued a **press release** claiming that some of these documents were sent to an outsider under false pretenses and that one document in the set is a fake. ThinkProgress does not know the identity of the anonymous source of the documents or his or her connection, if any, to Heartland.

All files below are PDFs.

– 2012 Heartland Budget

33-page confidential document detailing staff, salaries, projects, budgets and spending for 2011 and 2012.

– 2012 Fundraising Plan

29-page confidential document detailing staff, projects, funding — including a comprehensive list of large funders — and spending for 2011 and 2012. Projects which will seek new funds for 2012 include: Free to Choose Medicine Project; Nongovernmental International Panel on Climate Change; Operation Angry Badger; Center for Transforming Education; Chicago FIRE Outreach; David H. Padden Internship Program; Cook County Public Debt Project; Global Warming Curriculum for K-12 Schools; Hydraulic Fracturing Project; and a Weather Stations Project.

– Board Directory 01-18-12

Single-page document with contact information for Heartland Institute board of directors.

– Binder1

15-page document. Contents: Notice of a January 17, 2011 board meeting; Agenda for the January 17, 2011 board meeting; Minutes of the October 18, 2011 board meeting; Appendix to the minutes of the October 18, 2011 board meeting; Resume of Charles A. Lang, CF/OO Trippe Manufacturing Company; Motions by nomination committee for January 12, 2012 board meeting; Heartland Institute financial report for the 4th quarter of 2011, dated January 12, 2012.

– 2012 Climate Strategy

Heartland has alleged that this document is a “total fake.” We have taken down this document as we work to determine its authenticity.

– Board Meeting Package January 17

Single-page document announcing January 17, 2012 board meeting.

Switch to Mobile

– **Agenda for January 17 Meeting**

Single-page agenda for the January 17, 2012 board meeting.

– **Minutes of January 17 meeting (original Microsoft Word file)**

Two-page minutes of January 17, 2012 board meeting.



THE HEARTLAND INSTITUTE

**2012
PROPOSED BUDGET**

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This version: January 15, 2012

Confidential. Please Do Not Circulate.

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 CO2 & 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



THE HEARTLAND INSTITUTE

2012
FUNDRAISING PLAN

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This version: January 15, 2012

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1. Overview

We plan to raise \$7.7 million in 2012, approximately 70 percent more than the amount raised in 2011. Table 1 reports 2011 actual and 2012 projected and calculates the percentage increase in each category of income.

Table 1.			
Projected Receipts – Bookkeeping Categories			
Source	2012 Budget	2011 Actual	2012/2011
Individuals	\$1,718,352	\$1,012,861	170%
Corporations	\$2,246,672	\$1,324,273	170%
Foundations	\$3,607,422	\$2,126,350	170%
Fundraising Events	\$92,791	\$74,233	125%
Fundraising Subtotal	\$7,698,385	\$4,537,717	170%
Other Events	\$34,793	\$69,585	50%
Publications	\$21,164	\$21,164	100%
Advertising	\$8,116	\$8,116	100%
Interest/Other	\$1,740	\$1,740	100%
Earned Income Subtotal	\$65,813	\$100,605	65%
Total Heartland	\$7,764,198	\$4,638,322	167%

The Internal Revenue Service (IRS) requires that we track income by the categories that appear in Table 1, and this is how Heartland’s accounting system reports receipts. However, for fundraising planning purposes, it is more reliable to project gifts by renewals, first-time givers, and direct mail. Table 2 below sorts the 2012 budget and 2011 actual figures by the categories that will be used in the rest of this Fundraising Plan.

Table 2.			
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%
Direct Mail	\$406,400	\$0	--
Renewed Donors of \$2,500 - \$9,999	\$200,250	\$115,111	174%
Renewed Donors < \$2,500	\$150,235	\$150,235	100%
Total	\$7,698,385	\$4,537,717	170%

2. Department Personnel

Implementation of the fundraising plan in 2012 will be affected by the following changes in personnel:

- **Joseph Bast**, president of The Heartland Institute, has been Heartland's principal fundraiser throughout its history and expects to continue to raise the bulk of funds in 2012. However, we are making progress in getting others to help raise funds, as the rest of this section suggests.
- In July 2011, **Amanda Evans** was hired as director of development and is managing major individual donors, foundation relations, and planned giving, and well as overseeing the following department staff:

Gwen Bryant, membership manager

Rachel Rivest Dunbar, corporate relations manager

John Griswold, direct mail consultant

- Heartland added **Sam Schulman** to the department in March 2011 as an independent contractor and fundraising senior advisor. Sam is highly connected in conservative social circles and made many contacts on our behalf, but succeeded in raising only one gift for \$10,000. We allowed our agreement to expire in 2011, but are paying him a small amount in early 2011 to follow-up and close on some prospects.
- **Bruno Behrend**, hired in January 2010 to fundraise on school reform, was unsuccessful in doing so in 2011. He was moved to part-time and then to volunteer status by the end of the year. He continues to speak at public events and talk to donors, but we do not expect him to be sufficiently successful to return to paid status in 2012.
- **Eli Lehrer**, director of Heartland's Washington DC office and its Center on Finance, Insurance, and Real Estate, is responsible for raising funds sufficient to cover the entire costs of his department. He achieved that in both 2010 and 2011.
- **Vince Galbiati** was hired in January 2011 to direct the Free To Choose Medicine project. We expect him to be intimately involved in fundraising efforts for the project, and project \$1 million in new income thanks in part to his coming on board.
- **Alan Smith**, a senior fellow on finance issues and director of Heartland's Ohio office, is moving from part-time to nearly full-time capacity in 2012. He reports to Eli Lehrer, who says fundraising will be part of Alan's new responsibilities. Alan is the former executive director of the American Legislative Exchange Council (ALEC) and has extensive contacts in the corporate government relations world.

3. Fundraising Strategy and Tactics

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

1. Current Donor Renewal

Approximately 80% of Heartland's income each year historically has come from past donors who renew at their current level or increase their giving. Donors are most likely to renew if they are promptly thanked for every gift they make, and frequently contacted by Heartland staff with news about the institute's programs and giving opportunities and asked to give. Therefore,

- We track all gifts that are received using Paradox, an inter-relational database program that also controls who receives publications.
- We send thank you letters within 7 days of a gift being received, with those letters customized and signed by the President.
- We track contacts with donors and potential donors of \$500+ using ACT!, a sales management software program.
- We send a weekly donor newsletter by email to all donors for whom we have email addresses, featuring our biggest achievements, invitations to events, and opportunities to contribute.
- We send a colorful quarterly newsletter by mail, *QPR* (formerly *The Heartlander*) to all donors of \$50+.
- We send much longer and more detailed *Quarterly Progress Reports* by email or regular mail to donors of \$1,000 or more. These reports are designed to meet the reporting requirements of the most rigorous corporate and foundation donors. Six *QPRs* are produced each quarter, each summarizing our outputs on one of the six topic areas that Heartland addresses. Donors are coded by what topics they are most interested in or which *QPRs* they have requested.

- We maintain a *Development Progress Report* that tracks what gifts have come in, which are pledged, and which need to be secured in each quarter. That report is continuously updated and acts as the “to do list” for the department.
- We maintain calendars of renewal dates and deadlines for corporate and foundation donors.
- A first renewal letter is automatically generated three months prior to the one year “anniversary” of a donor’s last gift. If the donor doesn’t renew, another letter is sent a month later, and a third letter is sent two months later. Those letters are updated once a quarter.
- Major donors are usually approached before their renewal date by phone or email to discuss their interests, schedule a face-to-face meeting if possible, and solicit an increase in their support. Smaller donors may only be asked to renew via the renewal letters.
- “Expired donors” going back three years get invitations to some events and end of the year solicitations to give. Notes about major past donors stay in ACT for five years or longer.
- Heartland has an anonymous donor who has given as much as half the organizations’ entire budget in some past years, and currently gives about one-fifth of total receipts. Renewing him each year and keeping him informed and engaged is a major responsibility of the President. We regularly solicit his ideas for new projects,
- We continuously conduct research on current donors, even small donors, to discover people with high net worth or positions on foundation boards who we might be able to up-sell. That information is put into the ACT! database so that all fundraisers can see what information we have about donors when placing calls.

Some highlights of planned renewal efforts in 2012 include the following:

- We plan to significantly increase the amount of development staff travel, meeting especially with corporate and foundation donors who we did not see in 2011.
- In 2011, we failed to properly track corporate and foundation donors renewals, with the result that we failed to ask for renewed support earlier enough, or in some cases even at all. In 2012 we plan to more carefully monitor the calendars of renewal dates and deadlines and the *Weekly Progress Report*, and hold one another accountable for making the necessary contacts.
- We expect to have interns to help do background research on current and new donors. With a much-expanded direct mail campaign planned (see below), we believe a full-time person could be kept busy simply researching new donors, coding them in Paradox and ACT! to reflect their interests, and calling or sending follow-up proposals to those who show the greatest ability to increase their financial support.

- We are more actively seeking opportunities to set up matching gift situations using current donors’ support, in particular the Anonymous Donor and Bart Madden’s support for the FTCM project.

2. New Donor Identification and Solicitation

Successful fundraising programs are sometimes characterized as resembling a funnel, with a wide top and narrow bottom or shoot. The wide top represents reaching a large number of potential donors, and the narrow bottom is the actual number of donors that will result from that outreach. Heartland needs to identify about 10 potential donors for every actual gift we receive.

Table 3 describes four categories of potential donors we regularly search for prospects, where we get the names of prospects, and how we make solicitations. This is primarily for major donors (gifts of \$1,000 or more).

Table 3 Target Groups for Potential Major Donors			
Group Name	Description	Sources	Solicitation Method
Friends and colleagues of current donors and staff	Individuals introduced to Heartland by a friend or colleague who already supports us.	Board members Current donors Heartland staff Senior fellows	“Crowd source” the prospecting process by asking all Heartland staff, directors, and donors <i>more than once a year</i> to recommend individuals who might give. Add to temporary comp mailing list and event invitation lists. Write, call, schedule meetings, submit proposals, and follow up. Bring senior fellows or current donors to meetings.
Corporations & trade associations	Officers, PR and GR officials at corporations with an interest in free-market policy messages on topics covered in Heartland publications.	<i>Nat’l Directory of Corporate Public Affairs</i> Leadership Directories Media Media coverage of corporations and industries under attack Current donors	Add contacts and background info to ACT and Paradox, code to receive publications. Try to get endorsement/entry through a current corporate donor. Write, call, schedule meetings, submit proposals, and follow up. Bring senior fellows or current donors to meetings.

Group Name	Description	Sources	Solicitation Method
Individual prospects	Individuals who give to other free-market oriented groups or candidates; letter writers to daily newspapers.	Public lists of donors and sponsors to events and other think tanks Allies such as other think tanks Sympathetic civic and business leaders	Add contacts and background info to ACT and Paradox, code to receive publications. Write, call, schedule meetings, submit proposals, and follow up. Try to bring senior fellows or current donors to meetings.
Foundations	Foundations who give gifts to other free-market oriented groups.	FoundationSearch <i>Chronicle of Philanthropy</i> Donor lists from other groups Philanthropy Roundtable meetings and newsletter Current foundation donors	Ask current foundation donors to recommend other foundations and try to get endorsement/entry. Add contacts and background info to ACT and Paradox, code to receive publications, add deadlines to calendar. Try to do joint projects with groups already receiving funding from the foundation. Write, call, schedule meetings, submit proposals, and follow up. Bring senior fellows or current donors to meetings.

During 2012 we will be utilizing all of these solicitation methods. Some highlights:

- A new development committee of the Board of Directors has been created and had its first conference call. We expect to get names and contact information for dozens, and possibly many more, potential donors, and help reaching them.
- We will do concerted outreach to individuals in Chicago’s financial community (thanks to the location of our new office), and businesses with financial interests in hydraulic fracturing (“fracking”), cable and internet tax and regulation issues (with Mike Rose at ComCast), bringing new prescription drugs to market, and P&C insurance issues.
- We will continue to follow up and try to close on the lists of major potential donors that Sam Schulman and Bruno Behrend created during his time with Heartland.
- We will pursue lists of supporters of charter schools to support our work on school reform.
- The Charles G. Koch Foundation returned as a Heartland donor in 2011. We expect to ramp up their level of support in 2012 and gain access to the network of philanthropists they work with.
- We plan to identify and re-introduce ourselves to the 20 top foundations supporting

conservative and libertarian organizations in the country. In many cases, we have changed dramatically since the last time they contributed, and many foundations weren't even around when we first put together our list of foundation prospects. We will get on the radar of foundation staff as well as founders/chairmen and members of foundation boards by partnering with their favorite charities, attending events they are likely to attend, etc.

- We have not tried to “crowd source” for individual prospects before, and believe this will generate many excellent individual prospects. As Heartland has grown, it has added to its staff persons with extensive personal networks in the conservative and libertarian movements. We have not previously tried to tap them, relying instead of the shrinking and aging network of Heartland’s president.
- We have a new “Who We Are” document that complements our “Prospectus” and should help us more quickly establish our identity and credibility with prospects.

3. Donor Events

Face-to-face meetings often are necessary to get larger gifts. They can occur either one-on-one, in a donor or prospect’s home or office, or in a group situation. We pursue both. Group meetings can be:

- Hosted by Heartland specifically for Heartland donors (such as our anniversary benefit dinners or President’s Council Retreats) or for elected officials and other audiences at which Heartland development staff can make presentations and connections with donors and prospects.
- Hosted by allies or business and civic groups, in which case Heartland is a cosponsor, exhibitor, presenter, or just sends people to attend.

Table 4 shows the 2012 budget for events and consponsoring/exhibiting. We have budgeted a record \$380,000 for these activities.

**Table 4.
Heartland Events Planned for 2012**

Budget	Breakout	Events
\$234,240		HEARTLAND EVENTS IN CHICAGO 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	18 lunches and receptions at Heartland's new office space, 50 people @\$10
	\$9,000	1 lunch, dinner, or reception/quarter offsite, 50 people @ \$45
	\$3,200	Printing and mailing invites, \$200 x 16
	\$82,750	Emerging Issues Forum GR event mainly for elected officials, but we market to GR professionals and current donors and solicit sponsorships. In Chicago, scheduled to piggyback on NCSL meeting in August in Chicago. \$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 scholarships and rooms, 70 @ \$800 14,400 Meals and room charges, 120 @ \$120 ----- \$82,750 Total
	\$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.
	\$27,540	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: \$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 four or five "special guests" 2,500 High-touch mailing at \$25 each to 100 donors ----- \$27,540 Total

Budget	Breakout	Events
\$28,320		HEARTLAND EVENTS OUTSIDE CHICAGO Events outside Chicago are organized by PR and GR departments. After disappointing turnouts in 2011, we don't plan any DD events, but DD staff will be at all of these events.
	\$2,400	PR: "Heartland Happy Hours" Sponsored receptions with snacks and no speakers. Estimate 4 events at \$600 each. Note: Travel is already budgeted.
	\$25,920	GR: Heartland Capital Events Events in state capitals for elected officials, with no travel scholarships. Estimate 8 events @ \$3,240 each: <ul style="list-style-type: none"> \$ 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 style="text-align: center;">----- \$3,240 Total</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 cohosts will pay for her travel.
\$117,500		EXHIBITING/ATTENDANCE
	\$29,000	GR: \$13,000 ALEC Annual Meeting attendance/exhibiting/ ice cream social 11,000 NCSL Annual Meeting attendance/exhibiting 5,000 SPN, Heritage Resource Bank, CPAC
	\$40,000	PR: 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.
	\$36,000	Free To Choose Medicine Exhibiting, 12 events at \$3,000 each for incremental cost (no staff or overhead), including travel for speakers, honoraria, and expenses.
	\$10,000	Center on Finance, Insurance, and Real Estate (CFIRE) Exhibiting, conference sponsorship, and attendance
	\$2,500	SPN, Philadelphia Society, and CPAC.
\$380,060		Total

Some highlights from events planned for 2012:

- Our new office has room to host lunches and receptions for up to 50 or 60 people. We plan to take advantage of this by hosting many lunches and after work receptions. By providing our own food and alcohol (some of both will be donated), the cost per person should be much less than we paid to hold events at restaurants and hotels in the past.
- This year's President's Council Retreat will tentatively be shorter (just one day) and focus on a truly exceptional meal and plenty of reception time to mingle with and get to know celebrity guests.
- This year's anniversary benefit will once again take place on the same day as the Emerging Issues Forum, in order to get legislators to attend both events and create opportunities for donors to mingle with legislators. Both events will take place in early August, rather than our usual time in October, to piggyback on an annual meeting of NCSL taking place in Chicago.
- We have tried in the past to host half-day (or shorter) programs in state capitals, with mixed success. We plan for eight such events in 2012, with some of them perhaps using Cook County Treasurer Maria Pappas as a draw.
- The new Free To Choose Medicine project is budgeted at \$3,000 a month to register and exhibit at events hosted by other organizations. There are many patient advocacy groups and prescription drug business associations that host many events every year, we hope to have a presence at some of them.

4. Online fundraising

For the first time in 2011, we devoted significant resources to using the Internet to fundraise. We previously used email for invitations and had a somewhat typical/sober place on our Web site to contribute. With a complete redesign of our Web presence in 2011, we added ads and requests for contributions to the homepage and created a much expanded and more exciting "donate" feature.

We launched a weekly donor e-newsletter in 2011 highlighting our biggest achievements in the previous week. Each e-newsletter contains promotional language requesting contributions. We are steadily expanding the list of people receiving the newsletter to include potential as well as actual donors.

Donating online was made easier in 2011 by our use of Kimbia, an online donation and reservation processing system that is easy to use, secure, allows us to receive funds immediately, keeps donors on our Web page, and is fully automated.

5. Direct mail

Heartland mails frequently to its house list of donors, prospects, subscribers, and allies. Direct mail (DM), however, is properly understood as mailing to rented lists of potential donors.

Heartland has seldom used DM to raise money. In the past, it has produced mailings of 1,000 - 3,000 pieces in-house, mailing to lists it got from other free-market groups through list exchanges. These mailings invariably made money, not counting staff time, but the scale was too small to contribute much to the organization's bottom-line. Because the list exchanges were limited to the number of donors Heartland has, they could not be scaled up.

In late 2011, Heartland negotiated an agreement with Griswold and Griswold, a DM consulting firm, to produce approximately 1 million DM letters in 2012. Griswold will manage the writing, printing and mailing of the letters and "caging" the returns, and pass through to us bills from vendors. Because of some delay in getting started, we expect the actual number of letters to be sent in 2012 will be 800,000.

According to Griswold's plan, the cost for a million letters would be about \$542,000 and gross income is forecast to be \$508,000, for a net loss in the first year of about \$34,000. We have put 80% of those numbers into the budget for 2012, to account for the smaller number of letters to be mailed, and divided the total expense between Griswold's fee (\$0.555/letter) and printing and mailing.

If Griswold's plan is correct, Heartland should end 2012 with approximately 18,000 new donors. We currently have only 1,800 donors, so this would be quite an accomplishment. Griswold further forecasts that Heartland would net \$500,000 in the second year of the campaign, and would end 2013 with some 33,000 donors.

6. Major Project Fundraising

While ideologically motivated individual donors are apt to contribute for general operating, corporations and (increasingly) foundations want project-specific proposals. We try as best we can to tailor our programs to meet both the requirements of our mission – to discover, develop, and promote free-market solutions to social and economic problems – while also exciting new donors to make the contributions needed to fund our programs.

During 2012 we plan to fundraise for 10 new or relaunched projects designed to attract new donors. These are in addition to proposals for our six public policy newspapers, work on health care and telecommunications, and other ongoing projects that we expect will appeal primarily to existing donors. The projects are briefly described here and ordered by the size of their budgets, from largest to smallest. A summary appears in Table 12 later in this fundraising plan.

A. Free To Choose Medicine Project

Free To Choose Medicine (FTCM) is a new project of The Heartland Institute. During 2011, Heartland's president Joseph Bast wrote an 80-page proposal for the effort, and donor Bart Madden agreed to contribute half of the project's \$1 million/year budget. In January, a director for the project, Vince Galbriati, was hired.

We expect the FTCM to bring in at least \$1 million in gifts from all donors, including Bart Madden. Approximately \$500,000 in gifts will be from first-time donors. There are scores of businesses and trade associations with a keen interest in our effort, and many wealthy individuals have strong personal motivation to see faster access to potentially life-saving new drugs become a reality. Vince Galbriati is eager to "pitch" the proposal to investors in drug companies. Several current Heartland donors are already donating to the project, and will give more if they see progress being made.

B. Nongovernmental International Panel on Climate Change (NIPCC)

Heartland sponsors the Nongovernmental International Panel on Climate Change (NIPCC), an international network of scientists who write and speak out on climate change. Heartland pays a team of scientists approximately \$300,000 a year to work on a series of editions of *Climate Change Reconsidered*, the most comprehensive and authoritative rebuttal of the United Nations' IPCC reports. Another \$88,000 is earmarked for Heartland staff, incremental expenses, and overhead for editing, expense reimbursement for the authors, and marketing.

NIPCC is currently funded by two gifts a year from two foundations, both of them requesting anonymity. In 2012 we plan to solicit gifts from other donors to add to what these two donors are giving in order to cover more of our fixed costs for promoting the first two *Climate Change Reconsidered* volumes and writing and editing the volume scheduled for release in 2013. We hope to raise \$200,000 in 2012.

C. Operation Angry Badger

Wisconsin was the focus of national attention due to recall campaigns waged in 2011, and campaigns are taking place in 2012 against Gov. Scott Walker, Lt. Gov. Rebecca Kleefisch and three Republican senators who voted for Act 10, the landmark collective bargaining reform legislation adopted in 2011. We have been following the Wisconsin debate closely, reporting on it in *Budget & Tax News*, commenting in op-eds and LTEs and on blogs, doing television and radio interviews, and sending research and commentary to elected officials in Wisconsin and nationally.

The recall elections of 2012 amount to a referendum on collective bargaining reform at the state level, making them of *national* interest. Successful recalls would be a major setback to the

national effort to rein in public sector compensation and union power. Heartland is the largest and most influential national free-market think tank in the Midwest, so we are in the right place and with the right resources to help defend and secure Wisconsin's recent gains.

We are contemplating five projects:

1. Recruit and promote superintendents who support Act 10
2. Explain the benefits of Act 10
3. Document the shortcomings of public schools in Wisconsin
4. Expose teacher pay in key districts
5. Create blogs that shadow small town newspaper coverage of the controversy

We anticipate that this project will cost about \$612,000. Maureen Martin, Heartland's legal counsel, will be the chief researcher and writer for this project. The anonymous donor has pledged \$100,000 toward this project. We are circulating a proposal to other potential funders.

D. Center for Transforming Education

The Center for Transforming Education at The Heartland Institute produces *School Reform News*, leads the national effort to implement "Parent Triggers" at the state level outside California, played a major role in a Texas effort in 2012 that narrowly lost, and conducts a full-scale PR and GR campaign for "transformational" school reform.

Funding for this Center has lagged well behind past levels during the past two years, as we hoped Bruno Behrend would renew current donors and identify new potential donors. That didn't work, and no one else stepped in to take over fundraising until it was too late. As a result, our efforts in this field had to be heavily subsidized from the general operating budget in 2011. This year should see a substantial jump in receipts from new and lapsed donors for school reform if only because they will be more systematically contacted and renewed than during 2011.

We hope to schedule meetings with the leaders of the largest donors and foundations active in this arena. It has often been three years or longer since they met with a Heartland representative. But we won't rely entirely on them changing their minds about how important Heartland is in the school reform movement.

We plan to aggressively pursue donors to charter schools. Lists of such donors often are publicly available, printed in the newsletters of the schools. Charters are the "safe" kind of school choice, and supporters often contribute large amounts toward capital campaigns and scholarships. These individuals are ideal candidates to contribute to a think tank that promises to remove barriers to starting new charter schools and extending choice to other private schools.

The 2012 budget for the Center for Transforming Education is \$250,000.

E. Chicago FIRE Outreach

Heartland is moving to new office space in January, from the rather shabby and difficult to find offices on LaSalle Street we have occupied for some 15 years, dating back to when we were a much smaller organization. The new office, on the 27th floor of a Helmut Jahn-designed glass and steel skyscraper located on Wacker Drive, across from the Chicago Mercantile Exchange, promises to dramatically raise our profile in Chicago's financial community.

We plan to aggressively market ourselves to Chicago's financial community by hosting frequent lunches and afterwork receptions in our offices, and meeting with potential donors in the office buildings surrounding our new location. When Heartland was founded in 1984, we received funding from several traders at the Chicago Board of Trade, CBOT, and CME. That funding has gradually disappeared as traders flamed out or moved on to other interests. Rather than try to replace them, we pursued well-known conservative and libertarian philanthropists largely outside Illinois.

The financial sector has obviously boomed during the years since Heartland created its current donor base. There are thousands of affluent hedge fund managers, market makers, and traders within a stone's throw of Heartland's new office who are libertarians and never heard of us. We hope to reach them in a variety of ways, most of them networking based, and sign them up to support our work on finance, insurance, and real estate (FIRE).

This effort is largely separate from Eli Lehrer's fundraising efforts, which focus on a small number of property and casualty insurance companies outside Chicago. We will seek to tap into the fundamentally libertarian instincts of many people in the financial world to support *FIRE Policy News* and potentially other projects that focus on non-insurance topics such as Dodd-Frank, Sarbanes-Oxley, federal bail-outs of banks and other businesses, proposals to "tax the rich," and the Federal Reserve.

We hope to raise \$100,000 from Chicago-based donors as a result of this effort.

F. David H. Padden Internship Program

David Padden, Heartland's founder and long-time chairman and then chairman emeritus, passed away on October 2, 2011. Various ideas have been discussed to memorialize his major contributions to Heartland specifically and to the freedom movement more generally. One thing we plan to do is name the meeting space at our new offices after Dave, so that invitations to events will include his name and help keep his memory alive.

Another way to memorialize Dave's contributions could be to establish the **David H. Padden Internship Program**. The rationale is as follows:

- Of the many groups Dave supported, Cato and The Heartland Institute stand out. Dave

stepped down from all other boards in his latter years except Heartland. Even folks at Cato say Dave was most proud of what he had achieved with Heartland.

- Of the many different audiences he thought libertarians should reach, young people – college students in particular – were very high on Dave’s list. And of the ways to reach young people, one-on-one conversation – in small group meetings using the Socratic method or in mentor relationships – was highest.
- While he supported public policy advocacy organizations, his heart was closest to the old Foundation for Economic Education (FEE) model of leading by example and changing people’s minds one at a time in conversations about philosophy and morality.

A Padden Internship Program would be a close fit with what we think Dave would have wanted and would benefit the freedom movement he loved. It could be modeled after the Charles G. Koch Summer Fellow Program, which is summarized here: <http://www.college.columbia.edu/students/fellowships/catalog/charles-g-koch-summer-fellow-program>.

Features of the Padden Internship program would include the following:

- A 26-week internship in Heartland’s Chicago office, with research, writing, and event planning experiences.
- A \$3,900 stipend (\$150/week).
- Attendance at Cato’s annual “Cato University Summer Seminar,” a one-week program in August. See http://www.cato.org/pubs/policy_report/v21n2/summerseminar.html for details. We would ask Cato to cover the \$1,500 registration and room fee, and we would cover travel.
- Twelve Socratic discussions over the course of the internship with Heartland senior staff, senior fellows, and board members around the same table that was in Dave’s office for some 30 years. Readings could be by Bastiat, Mises, Hayek, Friedman, etc., perhaps taken from *The Libertarian Reader* edited by David Boaz, or the reading list for Cato University, or readings that Dave helped prepare for a Liberty Fund seminar Heartland organized some 20 years ago. Final sessions could be more policy-oriented and based on Heartland’s *The Patriot’s Toolbox*.

Funding: We could ask current and past Heartland board members, who knew Dave well, to contribute \$5,000 or \$10,000 more than they would otherwise give, to raise the first \$100,000 toward a fund that would pay for ten years of internships. With this evidence of Board support, we could then approach persons we knew to be his friends, who served on other boards with him, and heads of think tanks that benefit from his generosity. Donors to the fund could be recognized in the following ways:

- Names of funders could be inscribed on a plaque to hang on a wall near the table where the Socratic discussions take place.
- A special reception prior to or following the President's Council Retreat to which current and former Padden Interns would be invited.
- An e-newsletter and blog could be created for donors and current and past interns to stay in touch with each other.

Heartland's 2012 budget forecasts two interns for each of five departments, with a budget of \$39,000. Adding travel to the Cato event at \$800 for each of the ten interns boosts the annual budget to \$47,000. We could plan to fundraise for a fund that would finance the David H. Padden Internship Program for ten years, requiring gifts totaling \$470,000. Anything above that amount raised or earned in interest or investment could be devoted to a variety of additional activities involving the interns or extend the program beyond 10 years.

For the 2012 budget, we forecast raising *half* the total amount needed to endow this 10-year project, or \$235,000.

G. Cook County Public Debt Project

Maria Pappas, Cook County (IL) Treasurer, has discovered that municipalities and other taxing districts in Cook County are much deeper in debt than is widely understood, or even understood by elected officials in Cook County. She has documented a looming financial crisis, driven largely by employee pension and health care promises, that could have catastrophic results for residents and businesses in the county. She warns that other counties in the U.S. are probably facing similar disasters. She's eager to speak out on the issue not only in Illinois, but nationwide.

Heartland has agreed to work with Treasurer Pappas's staff and other allies on three things:

- (a) a research and publishing effort that results in one or more *Heartland Policy Studies* that fact-check, report, and interpret the Treasurers' findings,
- (b) a national communications campaign consisting of distribution of the studies, news releases, op-eds, and other promotional activities, and
- (c) a national speaking tour featuring Treasurer Pappas, perhaps with events in state capitals held in conjunction with our allies in a dozen or half-dozen states.

We anticipate that this project will cost about \$210,000. The anonymous donor has pledged \$105,000 toward this project. We are circulating a proposal to potential donors.

H. Global Warming Curriculum for K-12 Schools

Many people lament the absence of educational material suitable for K-12 students on global warming that isn't alarmist or overtly political. Heartland has tried to make material available to teachers, but has had only limited success. Principals and teachers are heavily biased toward the alarmist perspective. Moreover, material for classroom use must be carefully written to meet curriculum guidelines, and the amount of time teachers have for supplemental material is steadily shrinking due to the spread of standardized tests in K-12 education.

Dr. David Wojick has presented Heartland a proposal to produce a global warming curriculum for K-12 schools that appears to have great potential for success. Dr. Wojick is a consultant with the Office of Scientific and Technical Information at the U.S. Department of Energy in the area of information and communication science. He has a Ph.D. in the philosophy of science and mathematical logic from the University of Pittsburgh and a B.S. in civil engineering from Carnegie Tech. He has been on the faculty of Carnegie Mellon and the staffs of the U.S. Office of Naval Research and the Naval Research Lab.

Dr. Wojick has conducted extensive research on environmental and science education for the Department of Energy. In the course of this research, he has identified what subjects and concepts teachers must teach, and in what order (year by year), in order to harmonize with national test requirements. He has contacts at virtually all the national organizations involved in producing, certifying, and promoting science curricula.

Dr. Wojick proposes to begin work on "modules" for grades 10-12 on climate change ("whether humans are changing the climate is a major scientific controversy"), climate models ("models are used to explore various hypotheses about how climate works. Their reliability is controversial"), and air pollution ("whether CO₂ is a pollutant is controversial. It is the global food supply and natural emissions are 20 times higher than human emissions").

Wojick would produce modules for Grades 7-9 on environmental impact ("environmental impact is often difficult to determine. For example there is a major controversy over whether or not humans are changing the weather"), for Grade 6 on water resources and weather systems, and so on.

We tentatively plan to pay Dr. Wojick \$5,000 per module, about \$25,000 a quarter, starting in the second quarter of 2012, for this work. The Anonymous Donor has pledged the first \$100,000 for this project, and we will circulate a proposal to match and then expand upon that investment.

I. Hydraulic Fracturing Project

Hydraulic fracturing, popularly known as "fracking," is a process whereby water, sand, and small amounts of chemicals (surfactants) are injected into oil and natural gas formations to make the energy resources easier to extract. Fracking has been safely used for more than 50 years.

Fracking became controversial in 2010 and 2011 because environmentalists, hoping to prevent the development of large reserves of oil and natural gas in the Marcellus Shale Formation, invented charges that fracking poses environmental and safety risks. The liberal media has uncritically reported these charges as though they were scientifically based, leading to pressure on national and state elected officials to ban or regulate the use of fracking.

Heartland has been one of the most outspoken defenders of fracking in the U.S., using *Environment & Climate News*, its Web sites, and its PR and GR operations to comment repeatedly on the issue and reach large audiences. We have not, however, yet attempted to raise funds from businesses with a financial interest in fracking. In 2012 we intend to correct that oversight and approach dozens of companies and trade associations that are actively seeking allies in this battle.

The budget for this project consists almost entirely of current budgeted expenditures on research, PR, and GR. We are breaking out summaries of what we've already done on the topic and plan to do, to submit to potential donors. We hope to raise \$100,000 for the topic in 2012, with half this amount coming from first-time and lapsed donors.

J. Weather Stations Project

Every few months, weathermen report that a temperature record – either high or low – has been broken somewhere in the U.S. This is not surprising, since weather is highly variable and reliable instrument records date back less than 100 years old. Regrettably, news of these broken records is often used by environmental extremists as evidence that human emissions are causing either global warming or the more ambiguous “climate change.”

Anthony Watts, a meteorologist who hosts WattsUpwithThat.com, one of the most popular and influential science blogs in the world, has documented that many of the temperature stations relied on by weathermen are compromised by heat radiating from nearby buildings, machines, or paved surfaces. It is not uncommon for these stations to over-state temperatures by 3 or 4 degrees or more, enough to set spurious records.

Because of Watts' past work exposing flaws in the current network of temperature stations (work that The Heartland Institute supported and promoted), the National Aeronautics and Atmospheric Administration (NOAA), the government agency responsible for maintaining temperature stations in the U.S., has designated a new network of higher-quality temperature stations that meet its citing specifications. Unfortunately, NOAA doesn't widely publicize data from this new network, and puts raw data in spreadsheets buried on one of its Web sites.

Anthony Watts proposes to create a new Web site devoted to accessing the new temperature data from NOAA's web site and converting them into easy-to-understand graphs that can be easily found and understood by weathermen and the general interested public. Watts has deep expertise in Web site design generally and is well-known and highly regarded by weathermen and

meteorologists everywhere. The new site will be promoted heavily at WattsUpwithThat.com.

Heartland has agreed to help Anthony raise \$88,000 for the project in 2011. The Anonymous Donor has already pledged \$44,000. We'll seek to raise the balance.

7. Planned Giving

Planned giving encompasses activities as simple as naming a charity in one's will to complex insurance schemes and charitable remainder trusts. As baby boomers retire, planning giving is rising as a share of total giving to Heartland and to other charities.

In 2012, Heartland will finally launch a true planned giving program with the following parts:

- A Planned Giving Board consisting of estate planning and planned giving professionals who are Heartland donors. Dan Hales has agreed to chair this board.
- Advertisements in our publications and newsletters and on our Web, and a brochure briefly making the case for including Heartland in your will and estate planning.
- A white paper that provides more detailed guidance to planned giving, explaining the tax advantages and choices involving several popular options.

Amanda Evans is in charge of the project.

4. Anonymous Donor

Because the Anonymous Donor has given a large percentage of Heartland's budget in past years, it is useful to single out his expected gift at the beginning of the year.

In 2011, he gave Heartland \$979,000, less than any years since 2005. In January 2012, he pledged \$1 million. We project that he will give \$250,000 more over the course of the year.

Table 5 summarizes the recent history of the Anonymous Donor's giving, and Table 6 breaks out the projects he has already agreed to support in 2012 and those we hope he will agree to fund as the year progresses. We believe the increase from 2011 to 2012 is reasonable in part because 2011's level of giving was the lowest since 2005 and seemed to be due to some developments that are now past. Until 2011, he had given more than \$1,250,000 every year since 2005.

Table 5.					
Giving by the Anonymous Donor, by Program					
Project	2007	2008	2009	2010	2011
General Operating	\$500,000	\$500,000	\$500,000	\$700,000	\$350,000
Ramp Up Program	\$800,000	\$800,000	\$400,000	\$0	\$0
Global Warming Projects	\$1,976,937	\$3,300,000	\$1,732,180	\$964,150	\$629,000
Health Care	\$0	\$0	\$190,000	\$0	\$0
School Reform	\$0	\$0	\$0	\$0	\$80,000
Total	\$3,276,937	\$4,600,000	\$2,822,180	\$1,664,150	\$979,000

Table 6.		
2012 Gift and Potential Gifts from the Anonymous Donor		
Quarter	Amount	Projects
First Quarter (already pledged but not received.)	\$457,000	General Operating
	\$194,000	NIPCC Project
	\$44,000	Weather Stations Project
	\$100,000	Global Warming Curriculum Project
	\$105,000	Cook County Debt Project
	\$100,000	Operation Angry Badger
	\$1,000,000	Total
Second Quarter	\$0	
Third Quarter	\$250,000	Additional gift, possibly for Operation Angry Badger in Wisconsin or to take the Cook County debt project to key states.
Fourth Quarter	\$0	
Total	\$1,250,000	

5. Renewing Donors of \$10,000+

In 2012, we expect to raise \$4.1 million from *past* major donors of \$10,000 or more, not including the Anonymous Donor, an increase of 26 percent from 2011 income from these same donors. Table 7 shows the dollar amounts.

Table 7.			
Projected Income from Renewals \$10,000+			
2011 Actual	2012 Projected	2012/2011	Source of Income
\$3,293,371	\$4,145,000	126%	Income from renewing gifts > \$10,000

Not all donors renew every year, and some increase their gifts while others reduce them. In alternating years we do zero-based budgeting on the fundraising side of the budget by estimating income from specific donors. In the other years, we just project a percentage increase in giving by each category. This year is a zero-based budgeting year.

The names of past donors of \$10,000 or more, their gifts during the past two years, and their projected giving in 2012 appear in Table 8. Obviously, this is only a forecast and won't be entirely accurate.

Table 8.					
Anticipated Gifts by Renewing \$10,000+ Donors in 2012					
Name	2010 Actual	2011 Actual	2012 Projected	2012 as % of 2011	Project
Allied World Assurance Company Holdings, Ltd.	\$50,000	\$60,000	\$40,000	67%	FIRE
Altria Client Services Inc.	\$40,000	\$50,000	\$50,000	100%	BTN
Amgen, USA	\$25,000	\$0	\$25,000	??	HCN
Arthur Margulis	\$25,000	\$25,000	\$25,000	100%	GO
Arthur N. Rupe Foundation	\$0	\$0	\$10,000	??	GO
Association of Bermuda Insurers and Reinsurers	\$50,000	\$75,000	\$50,000	67%	FIRE
AT&T for IT&T News	\$70,000	\$30,000	\$30,000	100%	ITTN
AT&T for CFIRE	\$0	\$0	\$10,000	??	FIRE
Barney Family Foundation	\$50,000	\$25,000	\$50,000	200%	SRN
Bartley Madden	\$182,277	\$216,656	\$400,000	185%	HCN
Bayer Corporation	\$0	\$0	\$25,000	??	HCN
BB&T (John Allison)	\$16,105	\$0	\$25,000	??	ECN
Bernard Baltic Estate	\$0	\$77,807	\$0	0%	GO
Castle Rock Foundation	\$0	\$0	\$40,000	??	GO
Charles McQuaid	\$11,000	\$1,000	\$10,000	1000%	ECN
Charles G. Koch Charitable Foundation	\$0	\$25,000	\$200,000	800%	HCN

Name	2010 Actual	2011 Actual	2012 Projected	2012 as % of 2011	Project
Chase Foundation of Virginia	\$25,000	\$25,000	\$25,000	100%	GO
Chris Rufer	\$27,000	\$25,000	\$50,000	200%	GO
Comcast Corporation	\$10,000	\$25,000	\$25,000	100%	ITTN
Contran Corporation	\$25,000	\$50,000	\$50,000	100%	ECN
Credit Union National Association	\$26,500	\$30,000	\$25,000	83%	FIRE
CTIA - The Wireless Association	\$80,000	\$40,000	\$40,000	100%	ITTN
David Albin	\$10,540	\$10,000	\$10,000	100%	GO
Dan Hales	\$20,560	\$25,000	\$25,000	100%	GO
David Herro	\$35,000	\$60,000	\$60,000	100%	ECN
David Lawson	\$20,864	\$17,000	\$15,000	88%	GO
Dezenhall Resources, Ltd.	\$15,000	\$27,000	\$50,000	185%	HCN
Diageo	\$10,000	\$0	\$10,000	??	GO
Eli Lilly & Company	\$25,000	\$0	\$25,000	??	HCN
Elizabeth Rose	\$40,000	\$15,000	\$15,000	100%	GO
Eric Brooks	\$10,000	\$10,000	\$10,000	100%	GO
Farmers' Insurance (Zurich)	\$0	\$0	\$25,000	??	FIRE
Frank Resnik	\$5,065	\$25,000	\$30,000	120%	GO
Fred Young	\$10,000	\$15,000	\$15,000	100%	GO
General Motors Foundation	\$15,000	\$15,000	\$15,000	100%	SRN
Genting	\$0	\$0	\$0	??	FIRE
GlaxoSmithKline	\$30,000	\$20,000	\$20,000	100%	HCN
Gleason Family Foundation	\$0	\$50,000	\$50,000	100%	SRN
Golden Rule Insurance Company	\$40,030	\$250,000	\$250,000	100%	HCN
Herbert Walberg	\$85,000	\$25,000	\$50,000	200%	GO
HSA Bank	\$0	\$0	\$10,000	??	HCN
International Premium Cigar & Pipe Retailers	\$0	\$0	\$10,000	??	BTN
IronBridge Capital Management, L.P.	\$40,000	\$25,000	\$25,000	100%	GO
James Fitzgerald	\$10,000	\$0	\$10,000	??	GO
James McWethy	\$0	\$20,000	\$20,000	100%	ECN
Jaquelin Hume Foundation	\$25,000	\$0	\$25,000	??	SRN
Jerry and Marilyn Hayden	\$120,000	\$170,000	\$170,000	118%	GO
John William Pope Foundation	\$25,000	\$15,000	\$15,000	100%	GO

Name	2010 Actual	2011 Actual	2012 Projected	2012 as % of 2011	Project
Kayser Family Foundation	\$13,000	\$15,000	\$15,000	100%	ECN
KCI	\$0	\$115,000	\$0	0%	FIRE
Larch Communications, LLC	\$0	\$0	\$25,000	??	BTN
Larry Smead Fund	\$10,000	\$10,000	\$10,000	100%	GO
Las Vegas Sands (DCI Group)	\$0	\$0	\$5,000	??	FIRE
Leslie Rose	\$65,500	\$50,000	\$60,000	120%	GO
LKQ Corporation	\$24,500	\$0	\$150,000	??	FIRE
Lynde & Harry Bradley Foundation	\$125,000	\$50,000	\$50,000	100%	ECN
Microsoft Corporation	\$0	\$59,908	\$10,000	17%	ITTN
Mike Keiser	\$31,000	\$25,000	\$35,000	140%	GO
Milbank Foundation for Rehabilitation	\$0	\$0	\$25,000	??	HCN
Murray Energy Corporation	\$100,000	\$0	\$40,000	??	ECN
National Cable & Telecommunications Association	\$0	\$10,000	\$10,000	100%	ITTN
Nationwide Insurance	\$0	\$0	\$10,000	??	FIRE
Norman Rogers	\$3,570	\$10,000	\$20,000	200%	GO
Nucor Corporation	\$402,000	\$100,000	\$50,000	50%	ECN
Patrick O'Meara	\$80,000	\$0	\$60,000	??	
Pfizer	\$130,000	\$0	\$150,000	??	HCN
PhRMA	\$20,000	\$0	\$20,000	??	HCN
Renaissance ReService Ltd.	\$90,000	\$317,000	\$280,000	88%	FIRE
Reynolds American Inc.	\$0	\$110,000	\$110,000	100%	FIRE
Responsible Industry for a Sounds Environment	\$0	\$0	\$10,000	??	ECN
Robert Buford	\$21,120	\$30,000	\$30,000	100%	GO
Rodney Fund	\$10,000	\$12,000	\$10,000	83%	GO
Searle Freedom Trust	\$0	\$0	\$50,000	??	ECN
State Farm (Jeff Judson)	\$114,200	\$230,000	\$95,000	41%	FIRE
State Farm Mutual Automobile Insurance Company	\$60,000	\$60,000	\$60,000	100%	FIRE
Susquehanna International Group LLP	\$10,000	\$10,000	\$10,000	100%	HCN
Stanley Hubbard	\$65	\$10,000	\$10,000	100%	ECN
Stuart Family Foundation	\$25,000	\$0	\$25,000	??	ECN
Texas Cable Association	\$0	\$0	\$5,000	??	FIRE

Name	2010 Actual	2011 Actual	2012 Projected	2012 as % of 2011	Project
The Deramus Foundation	\$10,000	\$10,000	\$10,000	100%	GO
The Justice Foundation	\$0	\$10,000	\$10,000	100%	SRN
The Negaunee Foundation	\$0	\$10,000	\$10,000	100%	BTN
Philip Friedmann Family Charitable Trust	\$15,000	\$10,000	\$10,000	100%	GO
The Robert P. Rotella Foundation	\$5,000	\$10,000	\$10,000	100%	HCN
Time Warner Cable	\$10,000	\$10,000	\$20,000	200%	ITTN
Triad Foundation, Inc.	\$25,000	\$25,000	\$25,000	100%	ECN
USAA	\$0	\$45,000	\$50,000		FIRE
US Chamber of Commerce	\$25,000	\$0	\$25,000	??	LEGAL
Will Wohler	\$8,000	\$0	\$10,000	??	GO
William Dunn	\$150,000	\$330,000	\$300,000	91%	HCN
Wisconsin Insurance Alliance	\$0	\$0	\$50,000	??	FIRE
XL Group	\$0	\$35,000	\$0	0%	FIRE
Verizon	\$0	\$0	\$10,000	??	ITTN
Totals	\$2,887,896	\$3,293,371	\$4,145,000	126%	

6. Renewing Donors of \$2,500 - \$9,999

In 2011 we raised approximately \$115,111 from donors who gave \$2,500 - \$9,999. These are prime candidates to increase their giving in 2012. We forecast a 74% increase in income from these donors, to \$200,250, in 2012. See Table 9.

Table 9. Projected Income from Renewals, \$2,500 - \$9,999			
2011 Actual	2012 Projected	2012/2011	Source of Income
\$115,111	\$200,250	174%	Renewing gifts \$2,500 - \$9,999

Actual and projected gifts from past donors of \$2,500- \$9,999 are identified in Table 10.

**Table 10.
Anticipated Gifts by Renewing \$2,500 - \$9,999 Donors in 2012**

Names	2010 Actual	2011 Actual	2012 Projected	2012 as % of 2011	Project
Anheuser-Busch Companies Inc.	\$2,000	\$3,000	\$5,000	167%	ITTN
Anthony DiTommaso	\$3,500	\$25	\$3,000	12000%	GO
Arthur G. Jaros, Sr. & Dawn L. Jaros Charitable Trust	\$2,500	\$0	\$1,000	??	GO
Baldwin Crosstown Animal Clinic	\$5,000	\$7,276	\$10,000	137%	ECN
Brian Kelly	\$2,500	\$0	\$2,500	??	GO
Bruce Rauner	\$0	\$5,000	\$25,000	500%	BTN
Bruce Branyan	\$5,000	\$5,000	\$5,000	100%	ECN
Center for Competitive Politics	\$5,000	\$5,000	\$5,000	100%	GO
Consumer Electronics Association	\$5,000	\$0	\$5,000	??	ITTN
Gelatt-Gephart Foundation, Inc.	\$4,000	\$5,000	\$5,000	100%	GO
H., Leighton Steward	\$2,545	\$3,500	\$5,000	143%	ECN
J. P. Humphreys Foundation	\$5,000	\$6,000	\$5,000	83%	GO
Jack & Margaret Caveney	\$2,000	\$3,000	\$3,000	100%	ECN
James Van Pelt	\$3,000	\$2,500	\$5,000	200%	ECN
James Johnston	\$5,025	\$125	\$250	200%	GO
John Manfredi	\$2,500	\$0	\$500	??	GO
Joseph Woodford	\$7,500	\$5,000	\$5,000	100%	GO
Joseph Bast	\$5,000	\$5,000	\$5,000	100%	GO
Joseph Luquire	\$0	\$3,000	\$5,000	167%	GO
K. Tucker Andersen	\$0	\$4,000	\$5,000	125%	ECN
Marathon Petroleum Company LLC	\$2,500	\$0	\$2,500	??	ECN
Mark Nelson	\$2,500	\$2,585	\$5,000	193%	GO
Paul Fisher	\$5,000	\$5,025	\$5,000	100%	GO
PepsiCo, Inc.	\$5,000	\$0	\$5,000	??	BTN
Peter Mason	\$5,250	\$5,000	\$5,000	100%	GO
Philip Warth	\$5,000	\$0	\$5,000	??	GO
Randy Randol	\$0	\$2,500	\$2,500	100%	GO
Richard Uihlein	\$1,000	\$5,000	\$5,000	100%	GO
Richard Waterfield	\$3,000	\$0	\$5,000	??	ECN
Robert Bland	\$0	\$5,000	\$5,000	100%	HCN
Robert Fettig	\$5,000	\$5,000	\$10,000	200%	ECN

Names	2010 Actual	2011 Actual	2012 Projected	2012 as % of 2011	Project
Robert Meier	\$5,000	\$0	\$5,000	??	FIRE
Robert Lamendola	\$0	\$5,000	\$5,000	100%	GO
Robert Platt	\$625	\$2,500	\$5,000	200%	ITTN
Robertson Finley Foundation	\$2,500	\$0	\$5,000	??	GO
Stephen Goode	\$5,000	\$0	\$5,000	??	BTN
Ted Semon	\$5,000	\$5,075	\$5,000	99%	ECN
Thomas K. Armstrong	\$5,000	\$5,000	\$5,000	100%	SRN
Windway Foundation, Inc.	\$5,000	\$5,000	\$5,000	100%	SRN
Total	\$129,445	\$115,111	\$200,250	174%	

7. Lapsed and New Donors

A complete prospects table that can be sorted by project and dollar amount is being produced for 2012. Projected gifts from persons and organizations in this “donor pyramid” can be entered and discounted by their probability of arriving. This is a standard part of fundraising plans. The pyramid for 2012 is not yet completed. Much of it being captured from ACT! and Paradox data pulls, and then supplemented by the sources and methods described in Part 3 (especially Table 3) earlier in this plan.

We can estimate income coming from lapsed and first-time donors if we make two somewhat heroic assumptions: (1) that we will fully fund the 10 projects described in Part 3, Section 6 (“Major Project Fundraising,” starting on page 12), and (2) that half of the funds raised for these projects will come from new donors, and so won’t be double counted as part of renewal income. An exception to these assumptions is that funds raised from new donors in Chicago’s financial community would equal 100% of the \$100,000 goal set for 2012.

Table 11, below, summarizes the projected income if these assumptions are right, and Table 12 lists the individual projects and their budgets.

Table 11.			
Projected Income from Lapsed and New Donors in 2012			
2011 Actual	2012 Projected	2012/2011	Source of Income
--	\$1,546,500	--	Income from lapsed and new donors

**Table 12.
Projected Income from Lapsed and New 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

8. Cost of Fundraising

The cost of fundraising is spending by the Development Department as a percentage of funds raised. We forecast it will rise to 10.4 percent in 2012, from 7.3 percent in 2011, due mainly to the large investment planned in Direct Mail. The Direct Mail campaign is expected to cost \$424,000 in 2012, over half the entire budget for the development department.

Excluding gifts from the Anonymous Donor reveals the projected cost of fundraising from all other sources in 2012 would be 12.4 percent, lower than all but one previous years since 2006. See Table 13 for a recent history of our cost of fundraising.

In past years when the Anonymous Donor's gifts were more than half of our budget, we were spending a lot more trying to raise funds from other sources. Last year, 2011, was quite low as we went half the year without a development director and didn't do any direct mail.

Year	\$ Spent on Fundraising	% change	Funds Raised	Fundraising as % of funds raised	Funds raised without Anon. Donor	Fundraising as % of funds raised without Anon. Donor
2006	\$171,743	---	\$4,747,000	3.6%	\$3,185,291	5.4%
2007	\$266,599	55.2%	\$5,226,760	5.1%	\$1,949,823	13.7%
2008	\$575,300	115.8%	\$7,708,711	7.5%	\$3,108,711	18.5%
2009	\$563,835	-2.0%	\$6,548,748	8.6%	\$4,377,218	12.9%
2010	\$691,210	22.6%	\$5,994,199	11.5%	\$4,330,049	16.0%
2011	\$337,779	-51.1%	\$4,638,323	7.3%	\$3,659,323	9.2%
2012 projected	\$801,074	137.2%	\$7,698,385	10.4%	\$6,448,385	12.4%

9. Earned Income

In addition to income generated by the development department, Heartland earns income from selling tickets to non-fundraising events, sale of publications and subscriptions, advertising, and interest. Although not the responsibility of the Development Department, projections of income from these sources appear in Table 14.

Source	2012 Projected	2011 Actual	2012 as a % of 2011
Non-fundraising Events	\$34,793	\$69,585	50%
Publications	\$21,164	\$21,164	100%
Advertising	\$8,116	\$8,116	100%
Interest/Other	\$1,740	\$1,740	100%
Total	\$65,813	\$100,605	65%

Income from non-fundraising events was relatively high in 2011 because we hosted a successful International Conference on Climate Change. Without one this year, we expect receipts from ticket sales to fall by half. Advertising sales, publication sales, and interest income all are expected to remain unchanged.

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Notice of Regular Meeting of Directors of Heartland Institute

Notice is hereby given that a Regular Meeting of the Directors of Heartland Institute, an Illinois not-for-profit corporation, will be held on Tuesday, January 17, 2012, from 2:00 p.m. CST to 5:00 p.m. CST at the offices of McGuireWoods, 77 West Wacker Street, 44th Floor, Chicago, Illinois.

Directors are asked to contact Zwahy'yah McElrath (312/377-4000) to indicate whether they will be in attendance, and Joseph Bast (312/377-4000) or Herbert Walberg (312/505-0528) to add items to the meeting agenda. Paul Fisher, an attorney with McGuireWoods and the host of this meeting, can be reached at 312/849-8244.

Participation by phone is allowed. A call-in number and PIN will be sent out shortly.

Dated: _____

Signed: _____

Jeffrey Madden, Secretary

**Agenda for the January 17, 2012
Regular Meeting of Directors
of Heartland Institute**

- [1] Call to order at 2:00 p.m. CST.
- [2] Read and approve Minutes from the October 18, 2011 Meeting of Directors.
- [3] Report of the Nomination Committee:
 - A. Nomination of Chuck Lang to a 3-year term.
 - B. Proposed bylaws amendments re number of directors and quorum.
- [4] Proposal to change date of July 24 Board meeting to June 21, to encourage directors to attend the President's Council Retreat on Friday, June 22, 2012.
- [5] Report on Directors and Officers insurance
- [6] Report of Government Relations Committee
- [7] Report of Development Committee
- [8] Program Report by President Joseph Bast
- [9] Fourth Quarter Financial Report
- [10] Deferred Compensation Account
- [11] 2012 Proposed Budget and Fundraising Plan
- [12] Dave Padden Memorial – Some Ideas
- [13] Art Margulis: Does Heartland need a Long-Term Plan?
- [14] New and old business
- [15] Confirm dates for next Board meetings: In 2012, April 24, July 24 (?), and October 25; in 2012, January 24, April 25, July 25, and October 24.
- [16] Adjourn (5:00 p.m.)

When, Where: Tuesday, January 17, at 2:00 p.m. central time, at McGuireWoods, 77 West Wacker Street, 44th Floor, Chicago, Illinois. To participate by phone, call 866-292-2994 and enter the following passcode: *3 2 3 3 6 8 4* (make sure to dial the asterisks before and after the number). *Questions?* Call Zwahy'yah McElrath at 312/377-4000.

MINUTES
of a Regular Meeting of Directors of
HEARTLAND INSTITUTE
on October 18, 2011

A Regular Meeting of the Directors of Heartland Institute was held on October 18, 2011, beginning at 2:00 p.m. in the offices of Paul Fisher at McGuireWoods LLC, 77 West Wacker Street #4400, Chicago, Illinois, pursuant to notice timely given, a copy of which is filed with these minutes.

The following Directors were present or participated by phone:

Joseph Bast, Robert Buford, Richard Collins, Paul Fisher, Dan Hales, James Johnston, Jeff Judson, Robert Lamendola, Jeffrey Madden, Arthur Margulis, Mike Rose, Harrison Schmitt, and Herbert Walberg.

Mr. Walberg, chairman, declared a quorum present. Upon a motion duly made and seconded, the Minutes from the Annual Meeting held on July 19, 2011, were approved as read.

Mr. Bast reported the death of David Padden, founder and chairman emeritus of Heartland. Directors reminisced about his contributions to the freedom movement and agreed to consider suitable ways to remember him at the next meeting of the Board.

Mr. Madden agreed to take Mr. Padden's place as Secretary. Upon a motion duly made and seconded, he was unanimously elected. The position of assistant secretary, previously occupied by Mr. Madden, is temporarily vacant.

Directors agreed to create or reconstitute four board committees and to renew their memberships each year at the annual meeting in June or July. The committees, their purposes, staff contacts, and the membership assignments made by Mr. Walberg appear in the Appendix to these Minutes.

Approval of a proposed document retention policy was tabled pending revisions suggested by legal counsel. Mr. Bast reported that he had applied for directors and officers insurance but hadn't yet received a bid.

Directors discussed program reports, a third quarter financial report, the annual benefit dinner, and plans to move into new office space.

The date of the next meeting of the Board, January 17, 2012, was confirmed. Mr. Bast agreed to circulate a planning memo to set meeting dates for 2012 and 2013.

There being no further business to come before the Board, Mr. Walberg declared the meeting adjourned without objection at 5:00 p.m.

Minutes of October 18, 2011 Board Meeting
Page Two

Submitted

Jeffrey Madden
Secretary

Date

Certification of Adoption

I hereby certify that the foregoing minutes were taken at the meeting indicated above and the Board of Directors approved said minutes at its meeting on January 17, 2012.

Herbert J. Walberg
Chairman

Date

**APPENDIX TO THE MINUTES
of the October 18, 2011 Regular Meeting
of the Board of Directors of Heartland Institute**

Nomination Committee

Purpose: To identify and screen candidates for the board, encourage current directors to meet the “give or get” requirement, and ask those who do not meet the requirements for board membership to step down at the end of their terms.

Staff Contact: Joseph Bast

Members: Joseph Bast, Herbert Walberg, Robert Buford, Jeff Madden, Arthur Margulis

Finance Committee

Purpose: Work with staff on annual budget, annual audit, IRS Form 990, quarterly financial reports, and deferred compensation account. Help prepare reports on each of these items to present to the full board.

Staff Contact: Diane Bast and Anthony Johnson

Members: Art Margulis, Paul Fisher, Jeff Madden, Harrison Schmitt, Jim Johnston

Development Committee

Purpose: Work with staff on annual fundraising plan, quarterly progress reports, annual benefit, direct mail, and planned giving programs.

Staff Contact: Amanda Evans

Members: Bob Buford, Rich Collins, Jeff Judson [Mike Rose and Harrison Schmitt subsequently agreed to serve on this committee].

Government Relations Committee

Purpose: Work with staff on time sheets and other documentation of time and other resources spent on lobbying, reporting the same on Section H of IRS Form 990, and reporting such activity to the board.

Staff Contact: John Nothdurft and possibly Eli Lehrer

Members: Jeff Judson, Dan Hales, Paul Fisher

CHARLES A. LANG

Trippe Manufacturing Company
1111 W. 35th St, Chicago, IL 60609
Email: clang@tripplite.com

Phone: 773.868.1382
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Cellular: 317.502.5429

Chief Financial / Operating Officer

- Experience with \$300+ million manufacturer/distributor, \$200+ million specialty retailer and twenty years varied experience with Price Waterhouse.
- Superior strengths cost reduction and working with subordinates, superiors and external resources.

Trippe Manufacturing Company, Inc. 2001 to present

EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL AND ADMINISTRATIVE OFFICER

A closely-held manufacturing and distribution company with operations throughout the world.

- Responsible for accounting, I.T., H.R., customer support, retail sales, risk management, quality assurance and reverse logistics (approx. 40% of the personnel).
- Planned and oversaw 25% reduction in headcount (from 450 to 335 employees) across all departments, while upgrading personnel in 10 key positions. Helped maintain lower levels of staffing as sales tripled.
- Introduced new email, CRM, Data Warehouse, PBX (replacing Centrex), Document Management and PLM systems.
- Modified reporting systems (channel focused) to increase accountability and accelerated monthly closing.

Pacintrex Industries, Inc. 1995 to 2001

PRESIDENT

A closely-held holding company with manufacturing operations in the US, Mexico and Asia, plus sales and distribution activities throughout North and South America.

- Responsible for all operational, financial and administrative functions for the nine operating entities, including efforts to sell and purchase several businesses.
- Successfully opened new manufacturing facility in Nuevo Laredo, Mexico to supply US markets.
- Directed business planning, instituting key indicator management reports and raised debt and equity.

Woods Industries, Inc., 1992 to 1995

SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

A manufacturer and distributor of electrical and connectivity products selling \$200+ million to major retailers in

North America. Participated in the sale of the business in stages to a U.K. public company.

- Reorganized the Accounting and Treasury functions, significantly upgrading personnel and the quality and timeliness of financial information, while reducing staff.
- Oversaw system enhancements included customer/product profitability and an Executive Information System.
- Led the automation of the distribution function -- \$2 million capital investment, \$1.6 million annual savings and the construction of a new wire drawing facility-\$3.6 million capital investment.
- Upgraded employee benefits programs and designed an objectives based incentive compensation program.
- Reduced workers compensation costs by \$150,000 by reducing on the job injuries. Stabilized product liability costs through a balanced self-insured retention program.

Paul Harris Stores, Inc., 1987 to 1992

SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

A women's specialty retailer with \$200+ million in revenues.

- Guided the company through a successful Chapter 11 reorganization.
- Upgrade of IT Department. System enhancements in the areas of merchandise management, general ledger/financial reporting and payroll.
- Directed the activities of a shortage control task force, credited with reducing shrinkage by 33%.
- Reduced outside legal costs \$50,000/year by bringing all public reporting (proxy, 10-K, 10-Q) and stock option activities in house.

Price Waterhouse, 1967 to 1987

PARTNER

Cleveland, Milan (Italy) and Indianapolis offices. Planned, organized and executed annual audits and oversaw the providing of special services.

- Established a group in Indianapolis to provide audit, tax and advisory services to closely held businesses. In four years this group grew into a highly profitable department with annual revenues of \$3 million.
- Provided extensive consulting to manufacturing companies in the areas of cost accounting, financial planning and cash management.
- Worked with hundreds of companies in many industries, including manufacturing, distribution, service, trucking, not-for-profit and public utilities. Services included acquisitions, divestitures, restructuring,

succession planning, tax planning and systems enhancements.

Educational and Professional

Wittenberg University - B.S. degree in Business Administration

Certified Public Accountant - Indiana and Ohio and American Institute of Certified Public Accountants

Board of Directors - The Nyhart Company (1991-present), YMCA of Greater Indianapolis (1989-1995),

Board of Trustees- Shimer College (2008-2011), Riverview Hospital (1999-2001)

Motions by the Nomination Committee

To be considered at the Regular Meeting scheduled to take place on January 12, 2012.

Fellow Heartland Directors,

The Nomination Committee of the Board of Directors proposes the following amendment to Heartland's Bylaws, to be considered at the next meeting on January 17, 2012:

Resolved: That Article III, Section 2 of the Bylaws is hereby amended to say “the number of directors shall be no fewer than 10 or greater than 20.”

And be it further resolved: That Article III, Section 6 of the Bylaws is hereby amended by replacing “one third of the number of directors” with “one half of the number of directors.”

Discussion:

The bylaws currently specify that we must have at least 15 and no more than 20 directors, but Joe tells me there wasn't any real discussion or consensus on the minimum number at the time the bylaws were “restated” in 2006. We don't believe a minimum of 15 is appropriate ... and since we are currently below that minimum, it would be better to lower the number than try to recruit two or three new directors quickly. Of course, adoption of this amendment doesn't prevent us from recruiting more directors.

-- Art Margulis

The Heartland Institute Financial Report - Fourth Quarter 2011

January 12, 2012

Summary

- Revenues in 4Q 2011 were \$4.6 million, 71% of budget and 77% of 2010 levels.
- Spending in 4Q 2011 was \$5.0 million, 78% of budget and 80% of 2010 levels.
- For the year, we spent \$415,000 more than we raised.
- Since we started the year with approximately that same amount in net assets, we ended the year with net current assets of virtually zero (\$21,799).

Why the lower-than-expected receipts?

Receipts were \$1.5 million less than the forecast for the following reasons:

- *\$1,000,000 – Corporate donors:* We raised nearly \$121,000 more from individuals in 2011 than in 2010, but \$770,903 less from corporations. Receipts from corporations were almost exactly \$1 million below budget, whereas income from individuals was almost exactly (101%) of the budgeted amount. Corporate gifts were down partly due to economic changes – our corporate donor base is mostly older manufacturing businesses that were especially hurt by the economic downturn – but largely because of staff turnover. Rachel Rivest was new to corporate relations management in 2011 and did no traveling. We expect this will be an area of major recovery and improvement in 2012.
- *\$700,000 – Anonymous donor:* The anonymous donor reduced his giving from \$1,664,150 in 2010 to \$979,000 in 2011. We are extinguishing primarily global warming projects in pace with declines in his giving, and we were careful not to hire staff based on his past generosity. He gave
- *\$227,000 – Timing of receipts:* Heartland received a gift of \$277,000 from Renaissance ReService Ltd. in December 2010 earmarked for 2011 spending by its Center on Finance, Insurance, and Real Estate (CFIRE). This year, we received only \$50,000 from RenRe in December.
- *Free To Choose Medicine:* I devoted considerable time in the third quarter to writing a detailed plan of action and proposal for the Free To Choose Medicine (FTCM) project, and then to recruiting a project director. I expect Vince Galbriati and that proposal to generate more than \$1 million in receipts in 2012. But it seriously detracted from fundraising efforts in 2011.

- *Personnel changes:* Bruno Behrend and Sam Shulmann failed to raise enough funds to cover their salaries, much less the budgets of the projects we paid them to promote. Contracts with both of them have been ended. I thought Sam Schulmann would be a “rainmaker,” and it is possible some major gifts will arrive in 2012 due to his outreach in 2011, but I’m doubtful.

Spending by all departments was well under budget as unfunded projects were extinguished and “austerity measures” implemented early in the quarter – most notably, suspension of printing and mailing the newspapers – took hold.

1. Giving by the Anonymous Donor

- The Anonymous Donor gave \$979,00 in 2011, about 21% of total 2011 receipts.
- In 2010, he gave nearly \$700,000 more, \$1,664,150, about 27% of total 2010 receipts.
- Backing out the Anonymous Donor’s support from 2011 receipts shows we raised \$3.66 million from all other sources (donors as well as earned income) compared with \$4.49 million in 2010. In other words, we raised about \$850,000 less from other sources in 2011 as we did in 2010.

The table below presents a history of the Anonymous Donor’s recent giving.

Table 1.						
Contributions from Anonymous Donor						
	2006	2007	2008	2009	2010	2011
Anonymous Donor	\$1,559,703	\$3,277,000	\$4,610,000	\$2,170,590	\$1,664,150	\$979,000
Other Receipts	\$1,640,297	\$1,923,000	\$3,279,150	\$4,646,925	\$4,493,753	\$3,659,398
Total Receipts	\$3,200,000	\$5,200,000	\$7,889,150	\$6,817,515	\$6,157,903	\$4,638,398
Anon. as % of Total	48.7%	63.0%	58.4%	31.8%	27.0%	21.1%

2. 4Q and YTD Income, Expenses, and Assets

Table 2 on the following page summarizes income and expenses for each quarter and year-to-date 2011 and compares each to 2010. Highlights appear in the summary on page 1.

Table 2.
2011 income, expenses, and net assets versus 2010

	1 st Quarter			2 nd Quarter			3 rd Quarter			4 th Quarter			Year to Date		
	2011	2010	2011 v. 2010	2011	2010	2011 v. 2010									
Income	\$1,482,905	\$2,466,641	60%	\$972,475	\$1,372,495	71%	\$975,657	\$750,992	130%	\$1,207,342	\$1,567,775	77%	\$4,638,398	\$6,157,903	75%
Expense	\$1,146,676	\$1,195,645	96%	\$1,316,675	\$2,229,287	59%	\$1,408,479	\$1,365,362	103%	\$1,152,854	\$1,438,605	80%	\$5,053,814	\$6,228,900	81%
Net	\$336,229	\$1,270,996	26%	(\$344,200)	(\$856,792)	--	(\$432,822)	(\$614,370)	--	\$54,488	\$129,170	42%	(\$415,416)	(\$70,997)	--
Current Assets	\$806,989	\$1,956,827	41%	\$447,224	\$1,594,885	28%	\$43,725	\$426,441	10%	\$138,728	\$551,829	25%	\$138,728	\$551,829	25%
Current Liabilities	\$59,700	\$67,812	88%	\$58,984	\$557,695	11%	\$185,761	\$150,717	123%	\$160,527	\$130,591	123%	\$160,527	\$130,591	123%
Net Current	\$747,289	\$1,889,015	40%	\$388,240	\$1,037,190	37%	(\$142,036)	\$275,724	-52%	(\$21,799)	\$421,238	--	(\$21,799)	\$421,238	--
Total Assets	\$1,025,256	\$2,027,327	51%	\$670,586	\$1,660,420	40%	\$352,182	\$639,071	55%	\$342,281	\$771,569	44%	\$342,281	\$771,569	44%
Total Liabilities	\$226,955	\$67,812	335%	\$226,239	\$557,697	41%	\$353,016	\$150,717	234%	\$327,782	\$297,846	110%	\$327,782	\$297,846	110%
Net Total	\$798,301	\$1,959,515	41%	\$444,347	\$1,102,723	40%	(\$834)	\$488,354	0%	\$14,499	\$473,723	3%	\$14,499	\$473,723	3%

3. Actual Revenue versus Budget

A. Annual Budget

The annual budget for 2011 forecasts total receipts of \$6.87 million, about \$700,000 (12 percent) more than 2010 actual income. See the table below for details about sources of income.

Table 3. Sources of Income, 2010 and 2011 Annual Budget			
	2010	2011 Budget	2011/2010
Individuals	\$891,992	\$999,114	112%
Corporations	\$2,095,176	\$2,346,596	112%
Foundations	\$2,976,561	\$3,331,216	112%
Other	\$184,663	\$190,206	103%
Total	\$6,148,392	\$6,867,132	112%
Giving by Major Donor	\$1,664,150	\$979,000	59%
Income from all other sources	\$4,484,242	\$5,888,132	131%

B. Actual Revenue versus Budget

Table 4 compares 2011 actual revenue to the 2011 budget.

Table 4. 2011 Actual Revenue versus Budget			
	2011 Budget	2011 Actual	Actual/Budget
Individuals	\$999,114	\$1,012,862	101%
Corporations	\$2,346,596	\$1,324,273	56%
Foundations	\$3,331,216	\$2,126,350	64%
Other	\$190,206	\$174,913	92%
Total	\$6,867,132	\$4,638,398	68%
Giving by Major Donor	\$979,000	\$979,000	100%
Income from all other sources	\$5,888,132	\$3,659,398	62%

4. Actual Spending versus Budget

A. Annual Budget

Spending in 2011 was projected to be \$5.83 million, roughly \$400,650 less than actual 2010 spending of \$6.23 million. We forecast a surplus (“addition to fund balance”) of \$1.0 million during 2011.

	2010 Actual	2011 Budget	2011/2010
Editorial	\$696,162	\$1,017,728	146%
Publications	\$1,524,690	\$1,086,700	71%
Government Relations	\$476,652	\$610,235	128%
Public Relations	\$1,960,359	\$1,127,110	57%
Fundraising	\$427,018	\$567,821	133%
Administration	\$428,679	\$503,818	118%
Center on Finance, Insurance, and Real Estate	\$384,259	\$578,601	151%
Occupancy	\$180,576	\$187,210	104%
Office Operations	\$50,252	\$39,792	79%
Other Overhead	\$100,252	\$109,239	109%
Contributions to Allies	\$0	\$0	--
Total Spending	\$6,228,899	\$5,828,254	94%

B. Actual Spending versus Budget

Table 6 compares 2011 actual spending to the 2011 budget.

	2011 Budget	2011 Actual	Actual/ Budget
Editorial	\$1,017,728	\$808,252	79%
Publications	\$1,086,700	\$864,733	80%
Government Relations	\$610,235	\$423,320	69%

Public Relations	\$1,127,110	\$1,141,232	101%
Fundraising	\$567,821	\$337,779	59%
Administration	\$503,818	\$471,941	94%
Center on Finance, Insurance, and Real Estate	\$578,601	\$670,906	116%
Occupancy	\$187,210	\$186,164	99%
Office Operations	\$39,792	\$43,885	110%
Other Overhead	\$109,239	\$105,601	97%
Total	\$5,828,254	\$5,053,813	87%

The Center on Finance, Insurance, and Real Estate is most over budget, at 16 percent (\$92,300) over budget, but Eli Lehrer's fundraising in late 2010 and 2011 was sufficient to cover this over-spending. CFIRE ended the year with roughly \$72,700 in earmarked funds, enough for roughly six weeks' more spending.

January 2012

Confidential Memo: 2012 Heartland Climate Strategy

Given the increasingly important role the Heartland Institute is playing in leading the fight to prevent the implementation of dangerous policy actions to address the supposed risks of global warming, it is useful to set priorities for our efforts in 2012. This document offers such a set of priorities. I propose that at this point it be kept confidential and only be distributed to a subset of Institute Board and senior staff. More details can be found in our 2012 Proposed Budget document and 2012 Fundraising Strategy memo. In 2012 our efforts will focus in the following areas:

Increased climate project fundraising

Our climate work is attractive to funders, especially our key Anonymous Donor (whose contribution dropped from \$1,664,150 in 2010 to \$979,000 in 2011 – about 20% of our total 2011 revenue). He has promised an increase in 2012 – see the 2011 Fourth Quarter Financial Report. We will also pursue additional support from the Charles G. Koch Foundation. They returned as a Heartland donor in 2011 with a contribution of \$200,000. We expect to push up their level of support in 2012 and gain access to their network of philanthropists, if our focus continues to align with their interests. Other contributions will be pursued for this work, especially from corporations whose interests are threatened by climate policies.

Development of our “Global Warming Curriculum for K-12 Classrooms” project.

Principals and teachers are heavily biased toward the alarmist perspective. To counter this we are considering launching an effort to develop alternative materials for K-12 classrooms. We are pursuing a proposal from Dr. David Wojick to produce a global warming curriculum for K-12 schools. Dr. Wojick is a consultant with the Office of Scientific and Technical Information at the U.S. Department of Energy in the area of information and communication science. His effort will focus on providing curriculum that shows that the topic of climate change is controversial and uncertain – two key points that are effective at dissuading teachers from teaching science. We tentatively plan to pay Dr. Wojick \$100,000 for 20 modules in 2012, with funding pledged by the Anonymous Donor.

Funding for parallel organizations.

Heartland is part of a growing network of groups working the climate issues, some of which we support financially. We will seek additional partnerships in 2012. At present we sponsor the NIPCC to undermine the official United Nation’s IPCC reports and paid a team of writers \$388,000 in 2011 to work on a series of editions of *Climate Change Reconsidered*. Expenses will be about the same in 2012. NIPCC is currently funded by two gifts a year from two foundations, both of them requesting anonymity. Another \$88,000 is earmarked this year for Heartland staff, incremental expenses, and overhead for editing, expense reimbursement for the authors, and

marketing.

Funding for selected individuals outside of Heartland.

Our current budget includes funding for high-profile individuals who regularly and publicly counter the alarmist AGW message. At the moment, this funding goes primarily to Craig Idso (\$11,600 per month), Fred Singer (\$5,000 per month, plus expenses), Robert Carter (\$1,667 per month), and a number of other individuals, but we will consider expanding it, if funding can be found.

Expanded climate communications

Heartland plays an important role in climate communications, especially through our in-house experts (e.g., Taylor) through his Forbes blog and related high profile outlets, our conferences, and through coordination with external networks (such as WUWT and other groups capable of rapidly mobilizing responses to new scientific findings, news stories, or unfavorable blog posts). Efforts at places such as Forbes are especially important now that they have begun to allow high-profile climate scientists (such as Gleick) to post warmist science essays that counter our own. This influential audience has usually been reliably anti-climate and it is important to keep opposing voices out. Efforts might also include cultivating more neutral voices with big audiences (such as Revkin at DotEarth/NYTimes, who has a well-known antipathy for some of the more extreme AGW communicators such as Romm, Trenberth, and Hansen) or Curry (who has become popular with our supporters). We have also pledged to help raise around \$90,000 in 2012 for Anthony Watts to help him create a new website to track temperature station data.

Finally, we will consider expanding these efforts further, or developing new ones, if funding can be obtained.

Notice of Regular Meeting of Directors of Heartland Institute

Notice is hereby given that a Regular Meeting of the Directors of Heartland Institute, an Illinois not-for-profit corporation, will be held on Tuesday, January 17, 2012, from 2:00 p.m. CST to 5:00 p.m. CST at the offices of McGuireWoods, 77 West Wacker Street, 44th Floor, Chicago, Illinois.

Directors are asked to contact Zwahy'yah McElrath (312/377-4000) to indicate whether they will be in attendance, and Joseph Bast (312/377-4000) or Herbert Walberg (312/505-0528) to add items to the meeting agenda. Paul Fisher, an attorney with McGuireWoods and the host of this meeting, can be reached at 312/849-8244.

Participation by phone is allowed. A call-in number and PIN will be sent out shortly.

Dated: _____

Signed: _____

Jeffrey Madden, Secretary

Agenda for the January 17, 2012 Regular Meeting of Directors of Heartland Institute

- [1] Call to order at 2:00 p.m. CST.
- [2] Read and approve Minutes from the October 18, 2011 Meeting of Directors.
- [3] Report of the Nomination Committee:
 - A. Nomination of Chuck Lang to a 3-year term.
 - B. Proposed bylaws amendments re number of directors and quorum.
- [4] Proposal to change date of July 24 Board meeting to June 21, to encourage directors to attend the President's Council Retreat on Friday, June 22, 2012.
- [5] Report on Directors and Officers insurance
- [6] Report of Government Relations Committee
- [7] Report of Development Committee
- [8] Program Report by President Joseph Bast
- [9] Fourth Quarter Financial Report
- [10] Deferred Compensation Account
- [11] 2012 Proposed Budget and Fundraising Plan
- [12] Dave Padden Memorial – Some Ideas
- [13] Art Margulis: Does Heartland need a Long-Term Plan?
- [14] New and old business
- [15] Confirm dates for next Board meetings: In 2012, April 24, July 24 (?), and October 25; in 2012, January 24, April 25, July 25, and October 24.
- [16] Adjourn (5:00 p.m.)

When, Where: Tuesday, January 17, at 2:00 p.m. central time, at McGuireWoods, 77 West Wacker Street, 44th Floor, Chicago, Illinois. To participate by phone, call 866-292-2994 and enter the following passcode: *3 2 3 3 6 8 4* (make sure to dial the asterisks before and after the number). *Questions?* Call Zwahy'yah McElrath at 312/377-4000.

MINUTES
of a Regular Meeting of Directors of
HEARTLAND INSTITUTE
on January 17, 2012

A Regular Meeting of the Directors of Heartland Institute was held on January 17, 2012, beginning at 2:00 p.m. in the offices of Paul Fisher at McGuireWoods LLC, 77 West Wacker Street #4400, Chicago, Illinois, pursuant to notice timely given, a copy of which is filed with these minutes.

The following Directors were present or participated by phone:

Joseph Bast, Robert Buford, Richard Collins, Paul Fisher, James Johnston, Jeff Judson, Robert Lamendola, Jeffrey Madden, Arthur Margulis, Mike Rose, Harrison Schmitt, and Herbert Walberg.

Mr. Walberg, chairman, declared a quorum present. Upon a motion duly made and seconded, the Minutes from the Regular Meeting held on October 18, 2011, were approved as read.

The Nominating Committee recommended that Chuck Lang be elected to a 3-year term on the Board of Directors. Upon a motion duly made and seconded, he was unanimously elected. Mr. Walberg assigned Mr. Lang to the Finance Committee. Mr. Walberg asked that the committee review a planning document previously written with input from Frank Resnik and be prepared to discuss it at the next meeting.

The Nominating Committee then recommended adoption of two amendments to Heartland Institute's bylaws that had been previously circulated and discussed in compliance with the requirements for amending the Bylaws. Upon a motion duly made and seconded, the following amendments were unanimously approved:

Resolved: That Article III, Section 2 of the Bylaws is hereby amended to say "the number of directors shall be no fewer than 10 or greater than 20."

And be it further resolved: That Article III, Section 6 of the Bylaws is hereby amended by replacing "one third of the number of directors" with "one half of the number of directors."

Directors then discussed and agreed on a proposal to change the date of a future board meeting from July 24 to June 21.

Robert Lamendola and Jeff Judson led a discussion of Directors and Officers Insurance. It was agreed that a policy would be purchased no less than two weeks following the meeting *provided* a policy could be found that covered libel/slander/defamation. It was also agreed that two possible leads for lower-cost insurance would be pursued.

- continued -

Minutes of January 17, 2012 Board Meeting
Page Two

The Government Relations Committee reported no expenses reportable under Section H of IRS Form 990 were incurred during the fourth quarter of 2011.

The Development Committee reported having had a conference call reviewing the organization's fundraising plans, and a contract has been signed for a direct mail campaign. Mr. Hales asked for a letter from the contractor clarifying the terms and expectations of the campaign.

Joseph Bast presented President's reports on program and fourth quarter finances. Directors discussed whether to make a deposit into the President's Deferred Compensation Account, and approved a deposit of \$50,000 to be made in January 2012. Jeffrey Madden agreed to work with Arthur Margulis and others on the possibility of making monthly deposits into the account, rather than one-time annual deposits, perhaps contingent on some minimum level of funds being on hand.

Mr. Bast presented a proposed budget and fundraising plan for 2012. After some discussion, the Board approved both documents without changes.

Discussion of ways to memorialize Dave Padden and whether Heartland needs a long-term plan were tabled until the next meeting. The following dates for future meetings of the Board were approved: April 24, June 21, October 25, and in 2013, January 24, April 25, July 25, and October 24.

There being no further business to come before the Board, Mr. Walberg declared the meeting adjourned without objection at 5:00 p.m.

Submitted

Jeffrey Madden
Secretary

Date

Certification of Adoption

I hereby certify that the foregoing minutes were taken at the meeting indicated above and the Board of Directors approved said minutes at its meeting on April 24, 2012.

Herbert J. Walberg
Chairman

Date