

**BOARD ADVOCACY COMMITTEE
FINAL RECOMMENDATIONS
FEDERAL LEGISLATIVE ADVOCACY**

BACKGROUND

In 1987, the CMA Board of Directors appointed an Advocacy Committee to evaluate the effectiveness of the various CMA Programs aimed at advocating positions for the chemical industry. Earl Harbison, President and Chief Operating Officer of Monsanto, chairs this committee. The first study undertaken by Mr. Harbison's group was to determine the effectiveness of CMA in state advocacy.

The results of this study have led to the formation of a new State Affairs Department in CMA. It has also resulted in a commitment of CMA members to support, both financially and with manpower, Chemical Industry Councils (CIC's) in a number of states.

In 1988, another study was undertaken by the Board Advocacy Committee aimed at evaluating CMA authority in the international regulatory arena. Frank Popoff, Chairman and Chief Executive Officer of Dow Chemical, chaired that Subcommittee. The results of that study have led to a new standing committee at CMA, the International Affairs Committee, as well as other improvements.

The third area of investigation to be undertaken by the Advocacy Committee, the subject of this report, is Federal Legislative Advocacy. The Federal Legislative Advocacy Subcommittee is made up of Earnie Deavenport (Chairman), Group Vice President of Eastman Kodak; Frank Popoff, President and Chief Executive Officer of Dow Chemical; Quinn Stepan, Chairman, President and Chief Executive Officer of Stepan Company; Davis Richardson, President of Shell Chemical Company; and Ed Wall, President of First Chemical Corporation.

METHODOLOGY

CMA 076614

Following several briefing and priority focus discussions, the Federal Legislative Advocacy Subcommittee formed five task groups to conduct detailed examination of relevant areas. Each task group was headed by a senior member company Washington representative.

The following areas and respective chairman were designated:

- (1) Other Trade Associations: Herb Schmitz, ICI Americas
- (2) CMA Member Company Washington Offices: Lew Gaynor, Dow Chemical
- (3) Avenues of Political Participation: Jerry Kenney, Union Carbide
- (4) Other Advocacy Influences: Merrill Seggerman, Shell Oil
- (5) Measuring Current Effectiveness: Ken Jacobson, Du Pont

Initial findings of the five task groups began to suggest priority areas of attention. In particular, it became clear that special added

study was warranted on two specific programs. These were an expanded broad-based grassroots program and creation of a carefully focussed CMA Political Action Committee (PAC). Task groups and Board-level chairman were named as follows:

- (6) Grassroots Expansion: Ed Wall, First Chemical
- (7) Creation of a PAC: Earnie Deavenport, Eastman Kodak Company

SUMMARY OF RECOMMENDATIONS AND RESOURCE NEEDS (See Attachment A)

A. WASHINGTON ACTIONS AND ACTIVITIES. The primary arena for CMA Federal Legislative Advocacy is Washington, D.C. In the CMA system of trade association representation, the most critical resource is the time and effort donated by member company personnel as they lead and participate in task groups. A survey of Washington offices of CMA companies shows that a relative few carry the lion's share of the burden. In fact, only about a dozen companies are devoting significant blocks of Washington staff time to direct participation in the broad legislative agenda of the chemical industry, as defined by the working task groups of the CMA Federal Government Relations Committee. The following recommendations address the need to increase direct company participation and to strengthen the collective capabilities administered at and through CMA itself:

1. Member Company Participation and Capabilities

- a. Develop documents illustrating the benefits of a Washington office and direct federal legislative advocacy and make these available to member companies, particularly those without a Washington office.
 - o Implementation: Federal Government Relations Committee
 - o Resources: Printing
- b. Undertake a targeted effort with member companies (small, medium, and large) to analyze the options for developing or improving its Washington legislative advocacy presence.
 - o Implementation: Federal Government Relations Committee
 - o Resources: Printing Costs
- c. Develop a program of informal sessions between Washington representatives and smaller company members to demonstrate the importance and value of company Washington participation.
 - o Implementation: Federal Government Relations Committee
 - o Resources: Minimal, travel expenses

CMA 076615

- d. Develop a resource list of political/issue consultants in Washington and make it available to member companies which are considering greater Washington participation.
 - o Implementation: Federal Government Relations Committee
 - o Resources: Minimal
- e. Explore ways to coordinate the impact of consultants retained by member companies where such can be complimentary to CMA efforts.
 - o Implementation: Federal Government Relations Committee
 - o Resources: Minimal
- f. Continue to emphasize CEO/Executive Contact involvement in federal legislative advocacy.
 - o Implementation: Federal Government Relations Committee
 - o Resources: Minimal
- g. Evaluate and annually report to the Board the status of member company Washington offices and advocacy participation after each of the first three years.
 - o Implementation: Federal Government Relations Committee
 - o Resources: Minimal, survey and report

2. Collective Activities and Programs

- a. CMA should use the Wirthlin Group Legislative Omnibus as a periodic external measurement vehicle to monitor Federal legislative advocacy performance and test views of key legislators.
 - o Implementation: Federal Government Relations Committee
 - o Resources: \$30,000 annual cost
- b. As an advocacy tool, establish a CMA Political Action Committee of limited size and focus. The CMA PAC would be established on January 1, 1991, to begin operations for the 1992 elections. (See Attachment B)
 - o Implementation: Federal Government Relations Committee and CMA staff
 - o Resources: First-year administrative expense \$10,000 (annual costs thereafter \$5,000)
- c. Develop a list of Independent Research Organizations (think-tanks) and subjects these could address so as to win support for CMA positions; and, investigate member company support to major think tanks and try to leverage this support for issue analysis of and impact purposes.

- o Implementation: Federal Government Relations Committee
 - o Resources: Minimal
- d. Continue participation in coalitions with business, industry and other groups as appropriate.
- o Implementation: Federal Government Relations Committee
 - o Resources: Minimal, subject to normal budget process
- e. CMA budgeting should continue recognition of a baseline requirement for legislative consultants.
- o Implementation: Federal Government Relations Committee
 - o Resources: Minimal, subject to normal budget process
- f. CMA should maintain and encourage the activities of the Federal Government Relations Committee Candidate Information Task Group: meeting Congressional candidates, providing them with issue materials and monitoring political party activities.
- o Implementation: Federal Government Relations Committee
 - o Resources: Minimal
- g. Implement an internal measurement system within the CMA Federal Government Relations Department to monitor federal legislative advocacy performance.
- o Implementation: Federal Government Relations Committee and CMA staff
 - o Resources: Minimal

B. GRASSROOTS PROGRAMS AND ACTIVITIES: It has been aptly said that "all politics are local". The decade of the 80's has seen a clear acceptance of that principle in the vastly heightened emphasis on grassroots advocacy by interest groups of every type. CMA formally entered the arena in 1981 with the development of a targeted, issue specific concept and the instituting of a formal program. The existing program has progressed and has produced useful results in support of our legislative objectives. It has also become clear that greater emphasis is required.

At the same time, it has become clear that those who frequently oppose the industry in legislative battles have vastly augmented their memberships and budgets, and that their grassroots capabilities have been greatly upgraded. The legislative history of "environmental" and "consumer" issues is replete with examples.

The following recommendations address the need to strengthen the existing CMA issue-based program and to substantially broaden the program, both in participation and scope of impact.

CMA 076617

1. Grassroots at CMA

- a. The current targeted, focused program needs to be expanded to provide for coordination and development of issue and political information. This will provide a consistent and steady flow of information, tailored messages to our local grassroots groups and aid in coalition-building.
- o Implementation: CMA staff
 - o Resources: One professional "issue impact specialist".
- b. Only about 37% of CMA member companies report any semblance of a grassroots program (source: 1989 FGRC Grassroots Task Group Survey). CMA should develop an industry outreach program to assist member companies in building their own corporate grassroots programs. These can then become part of both the Federal grassroots effort and the grassroots element of the CMA State Federation/CIC Program.
- o Implementation: CMA staff
 - o Resources:
 - one professional "outreach specialist" liaison to member companies to help establish grassroots programs and associated industries/user networks;
 - one professional "training and training resources specialist to guidance manuals, training materials and seminars;
 - one support staff.
- c. The CMA Federal Government Relations Committee should evaluate both the targeted, and the broad-based elements of the program after each of the first three years and prepare reports to the CMA Board of Directors.
- d. Grassroots enhancement: Total dollar impact \$410,000.

2. Grassroots and State Advocacy

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CMA will develop procedures that will assist in coordinating with Directors of Chemical Industry Councils where state organizations can be of assistance on federal issues.

Development of the broad-based Federal grassroots program and the State/Federation grassroots component must be consistent, complimentary and mutually reinforcing. Coordination will be essential between the Federal Government Relations Committee and the State Affairs Committee, and between staff managers and teams.

ACTION REQUIRED:

Approval of recommendations by the Executive Committee and discussion of recommendations by the Board. Final Board approval will be requested at the April meeting.

CMA

EC - 1/16/90

BD - 1/17/90

CMA 076619