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NEW FISCAL YEAR ON HORIZON, CONGRESS TO PASS CONTINUING RESOLUTION

With fiscal year 2006 beginning on October 1 and with Congress once again failing to finish its appropriations work on time, a Continuing Resolution (CR) to keep the government functioning has become necessary. The congressional leadership has agreed to pass a stopgap funding bill that will run until November 18. Both Houses expect to follow their leadership and enact the CR the week of September 26. The CR will allow agencies to spend at the "lowest amount that has passed the House or Senate" in the regular FY2006 appropriations bills.

The House passed all 11 of its spending bills by July 4. The Senate has now cleared eight of its 12 bills. Only the Interior-Environment and Legislative Branch funding legislation have become law thus far.

On September 15, the Senate passed the Commerce, Justice, and Science spending bill by a vote of 91-4. The legislation includes funding for the National Science Foundation (NSF), the Census Bureau, the National Institute of Justice (NIJ), the Bureau of Justice Statistics (BJS), and the National Oceanographic and Atmospheric Administration (NOAA). The legislation now moves into a conference committee to reconcile differences with the House-passed version.

The differences include: the Senate's NSF increase is $100 million less than the House's; for the Census Bureau, the Senate is $80 million below the House for the Periodic Censuses and Programs account, which funds 2010 Census planning and the American Community Survey (ACS); and the Senate is significantly above the House

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ZERHOUNI ENCOURAGES RESEARCHERS TO "EMBRACE CHANGE" AT NAMHC MEETING

We are living in "interesting times," noted National Institutes of Health (NIH) director Elias Zerhouni, addressing the National Advisory Mental Health Council (NAMHC) on September 16. Despite this fact, there is no wrong time to do the right thing, he explained, and cited the need for the research community to "embrace change." He compared it to "embracing a cactus...difficult but necessary."

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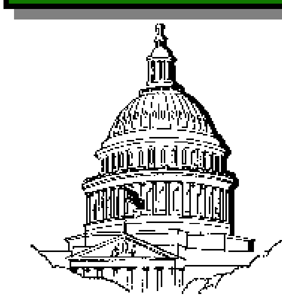
Inside UPDATE…



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number for NOAA. The Senate bill also provides $4.3 billion for Katrina-related activities through the emergency spending device, which does not count against spending caps assigned by the budget resolution. The House bill, passed on June 16, obviously does not have any funding for Katrina.

On September 22, the Senate passed its version of the FY 2006 Agriculture and Rural Development appropriations bill, 97-2. Conferees were quickly named to work out the nearly $500 million in differences between the Senate and House legislation. One of these differences is the recommended spending for the National Research Initiative Competitive Grants program. The House bill allocates $214.6 million while the Senate appropriates $190 million.

Hurricanes Katrina and Rita have generated enormous spending demands on the federal government. With two supplemental appropriations bills already passed and more on the way, Congress and the Administration, which had hoped to restrain spending in FY 2006, have been put in a bind. A process called budget reconciliation was supposed to force spending reductions in both discretionary and mandatory spending. Although the leadership hopes to go ahead with reconciliation, the prospects for reducing federal funding are not promising. Interest groups have, as usual, begun producing their wish lists of programs for reduction or elimination. We have seen Congress ignore many of these proposals before. But it appears, as political scientist Charles Lindblom pointed out many years ago, that we will "muddle through" once again for now, hoping that the disasters are over for awhile.

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He explained that change is needed because science is increasing the amount of converging knowledge. The NIH, according to Zerhouni, has been trying to create discipline and asking such questions as: Where is the science going? What are the opportunities? Where are the gaps?

As NIH director, Zerhouni explained, he is attempting to break down research barriers and silos at the agency. According to him, "less barriers, and more flexibilities" are needed to let the NIH come up with innovative challenges. He cited the agency's efforts to allow multiple principal investigators on grants as an example of these innovations. Another example of an innovation that achieves this goal is the use of a "common fund" for the agency that is co-managed by he and the directors of the 27 institutes and centers. Such a fund would incubate new areas of science as well as permit the NIH to quickly evaluate opportunities.

Katrina: "Unfortunate Opportunity"

Noting the announcement that morning that health insurance premiums for federal employees would rise more than six percent in 2006, Zerhouni related that in the aftermath of Katrina, he saw the issue of access to care play out. Further, he emphasized, the aftermath of Katrina allowed the country to see "how important mental health issues became right away." He questioned whether we have a system that fairly covers all populations. When it comes to health disparities, Zerhouni explained, "the diversity of those who do the research should mirror the diversity of those for whom we do the research." He posited whether we could escape that element in mental health. The NIH, he continued, is doing well when it comes to addressing these issues, but he questioned whether the agency is "doing well enough."

Renata Henry of Delaware Health and Social Services noted that Katrina also revealed the importance of having "culturally-competent care" when it comes to health disparities and access to care. Katrina provides an "unfortunate opportunity" for the NIH to make a difference, she added.

Continued Scrutiny by Congress

Discussing the continuing congressional attacks on the peer review process that the NIH has endured over the last three years during consideration of the agency's budget by some in the House, Zerhouni noted that he "objects strongly" to the practice of de-funding "an area of science because you don't like it." Such a practice destroys the "historical legacy of the NIH," he explained (See *UPDATE*, June 27, 2005).

Council member Peter Salovey, Yale University, expressed his concerns and frustrations with "unprecedented congressional interference in the peer-review process . . . despite the support of the NIH" for the research that is being targeted. This is an annual event of sorts in Congress during which they start "picking grants they don't like because of the title." Such practices undermine the public's confidence in NIH and dissuades young investigators from participating in the research process, conveyed Salovey. "What can we do that we have not already tried?" he asked the NIH director.

Noting that it was “a very interesting question,” Zerhouni responded that recent interference in the peer review process by some in Congress “comes from societal polarization. Thankfully, it is not a widespread phenomenon,” he argued. Zerhouni recounted his first experience as NIH Director with Congress’ efforts to de-fund research that had been through the agency’s peer review process, received high scores, and had been awarded funding (2003 Toomey amendment). It is “not a marginal thing,” he insisted. He further explained that through education of the leadership, in addition to the Administration being “very supportive,” the amendment was narrowly defeated by a vote of 212 - 210. The second year, the grants targeted had already been funded, he explained, and observed that “at the end of the day what is going on in the mind of public representatives is an important thing.” Zerhouni stressed that it is vital for scientists to establish a dialogue with their representatives. Adding that “we [scientists] are sometimes our own worst enemies,” he explained that it is important for researchers to “demystify superficial titles” of grants and to “explain the public health relevance” of the research “in plain language.”

The NIH: An Investment

Stressing that sometimes people view medical research as a luxury or an option, Zerhouni expressed his concern with the shrinking NIH budget. He argued that the NIH is “an investment,” especially when you consider the increasing health care costs. He also expressed his fear that “we are going to lose a generation of scientists,” pointing out that the average age of a first-time NIH-funded investigator is 42. He emphasized the need to “pay attention” to this issue so as to not let the pipeline of researchers to run dry.

EDUCATION SECRETARY SPELLINGS ANNOUNCES HIGHER ED COMMISSION

Speaking at the University of North Carolina at Charlotte on September 19, Education Secretary Margaret Spellings announced "A National Dialogue: The Secretary of Education's Commission on the Future of Higher Education." The goal, she said, is to launch a national discussion on the future of higher education and how we can ensure that our system remains the best in the world and provides more opportunities for all Americans. She asked the commission to examine the U.S. higher education system and to submit a final report by August 1, 2006 with specific findings and recommendations.

She called for a coordinated approach to meet rising enrollment numbers and new economic demands. The commission, Spellings noted, will tackle vital questions such as: how can we ensure that college is affordable and accessible? And how well are institutions of higher education preparing our students to compete in the new global economy?

Spellings: Higher Education Requires Reevaluation of Goals

Acknowledging earlier efforts by the National Commission on Accountability in Higher Education, the National Commission on the Cost of Higher Education, and other studies, Spellings said, “It's time to review this work and take stock of where we stand.” Federal dollars make up about one-third of our nation's total annual investment in higher education, compared to less than ten percent in K–12 education. But unlike K–12 education, Spellings explained, “we don't ask a lot of questions about what we're getting for our investment in higher education.”

Although, “we still have the finest system of higher education in the world,” Spellings argued, “the world is catching up.” As an example, she noted that in 1970, America produced more than 50 percent of the world's doctorates, but if current trends continue, by 2010, we will produce only around 15 percent. Thus, she concluded that “now is the time to have a national conversation on our goals for higher education.”

Charles Miller, former Chairman of the Board of Regents, University of Texas System, will chair the commission. Other members include: former North Carolina Governor James Hunt, former Department of Health and Human Services Secretary and Morehouse School of Medicine President Louis Sullivan, former Michigan President and National Science Board Chairman James Duderstadt, former MIT President Chuck Vest, current American Council on Education president David Ward, and a number of representatives from the corporate world including IBM, Microsoft, Stanley Kaplan, Boeing, and Autodesk.

Congress is currently in the midst of reauthorizing the Higher Education Act. Although bills have emerged from committees in both Houses (see *UPDATE*, September 12 and August 8, 2005), on September 21, Congress passed another extension — a previous extension was due to run out on September 30 — to keep the law in effect and student aid flowing.

NIGMS COUNCIL DISCUSSES CREATION OF BIOBEHAVIORAL TRAINING PROGRAM

The subject of training researchers for the future was the main topic of discussion at the 129th meeting of the National Advisory General Medial Sciences Council. Institute director Jeremy Berg updated the council on NIGMS' progress in the creation of a behavioral/biological pre-doctoral training program.

Berg noted the adoption of the *Report of the Working Group of the NIH Advisory Committee to the Director on Research Opportunities in the Basic Behavioral and Social Sciences,* which highlighted the interface between behavior and biology (See *UPDATE*, December 13, 2004). He also drew attention to the "numerous" reports that have pointed out the barriers to interdisciplinary research, including behavioral research. Berg explained that NIGMS pre-doctoral training programs support training at the scientific interface or in emerging fields. Training programs are powerful in bringing faculty from diverse areas to develop and produce standards, he said.

According to Berg, "tangible progress" has been made in bringing together the trans-NIH community (13 of the 27 institutes and centers) to develop plans for a pre-doctoral program in behavioral and social science. Further, Berg indicated that the staff was currently drafting a program announcement (PA) for release in FY 2006, with funding to follow in FY 2007. The PA will be not be prescriptive, Berg emphasized.

There are many "good ideas out there," he explained, adding that there are "rich and wonderful" as well as phenomenal cultural differences in the way that these communities practice science. He cautioned that programs will have to think carefully about how to conduct the training, noting that "there will be problems in both directions." As an example, he noted that biologists are moving into behavioral studies and coming up with some very interesting phenotypes, but they are not capitalizing on the behavioral sciences.

This is a "fabulous way to go" declared council member Lisa Stalano-Coico of Cornell University, who also urged particular attention to the quality of the collaborations.

NHLBI DIRECTOR DISCUSSES NEW INITIATIVES

At its September 16 meeting, the Advisory Board for the National Heart, Lung, and Blood Institute (NHLBI) convened to discuss current research and obesity initiatives within the Institute.

NHLBI director Elizabeth Nabel opened the meeting by announcing two new polices that effect the investigator-initiated R01 grant application process for young investigators. For some time now, there has been concern at the National Institutes of Health (NIH) that a new generation of young investigators (meaning 35 and under) has been dissuaded from applying for research grants because of the length of time it takes an applicant to revise an application and resubmit it. NHLBI is hopeful that these new policies will reverse the trend.

Beginning October 1, 2005, the Institute will implement an expedited review process for young investigators whose first R01 grant applications miss the funding deadline between five to ten percentage points. Instead of going through the standard resubmission process, Nabel informed board members that these young investigators will be able to simply revise their applications with a three-to-five page response addressing the reviewer's critiques.

The second policy, which is already in effect, entails automatically funding first-time applications for these younger investigators whose grants are up to five percentage points above the R01 payline. The program is retroactive to the beginning of 2005.

In addition, Nabel told the council that the process for young investigators revising applications between the sixth and tenth percentile above the payline would also change. Under the new policy, investigators would now send their responses directly to the NHLBI staff, who would review the response to see if it adequately addresses the issues raised by the peer review study section reviewers. The response would then be brought to the NHLBI council.

Council members registered their unease with bypassing the study section reviewers during the question and answer period. Nabel responded by saying that she would abide by the council's suggestion for some type of limited review by the involved study section reviewers. However, Nabel expressed that she would ultimately like to provide young investigators with a less cumbersome process and hopes that the new policies will improve the new investigator approval rate.

Nabel also informed the Council that in October, she would be formally releasing the five-year Strategic Plan for NHLBI. She explained that it was the intent of the Institute "not to have a plan on the shelf, but a working document to guide" what they do and the best way to go about it. She emphasized to the meeting attendees that she would welcome any suggestions or input in this process.

NIH Director Elias Zerhouni commented on the changes the NHLBI's policies for young investigators and the direction he would like to steer research at NIH. According to Zerhouni, he is "trying to reduce the rigidity and conservative energy in the system." Like Nabel, he is concerned that only four percent of the grantees are under the age of 35. He commended Nabel, saying that her efforts are "right on" and that "these approaches are critical to the future of this institute and the ability to keep and retain good scientists."

Zerhouni reiterated his view on interdisciplinary research. "No one can convince me that one size fits all…this does not mean research by committee, but research that is enriched by other disciplines." He also discussed the apparent disconnect between personal health care expenditures and NIH spending per person as well as the challenge of making NIH-funded research more "futuristic" and "innovative," while embracing "emerging areas of change" and finding "shared purpose across the board."

The advisory board also heard presentations on NHLBI's gene therapy initiative, maximizing the impact of basic research in obesity, Lepitin and the biological basis for obesity, and obesity as a modifiable risk factor for chronic disease. Although these presentations focused predominantly on the biological causes and effects of obesity, Denise Simons-Morton, director of the Clinical Application and Prevention Program Division of Clinical Epidemiology and Clinical Applications at NHLBI, provided an overview on what the Institute still needs to learn about obesity. This includes a look at current studies and requests for applications (RFA's) sponsored by the Institute, including:

- Does intentional weight loss reduce cardiovascular disease events. (LOOK AHEAD trial)
- How can we help people maintain their weight loss? (Weight Loss Maintenance [WLM] trials)
- What approaches can be effective in controlling obesity in "real world" settings – schools worksites, health care settings, communities (4 RFA's are out)
- Can modern technology (e.g., internet) be used effectively?
- Can schools and communities work together for healthier physical activity and dietary behaviors in youth? (Trial of Activity for Adolescent Girls [TAAG])
- How can we reach minority and underserved populations? (e.g., American Indian Community RFA)
- How can we prevent obesity? (Girls Health Enrichment Multi-Site Studies [GEMS], RFA pilot studies)
- What are effective approaches to prevent weight gain during "critical life periods" (e.g., puberty, early adulthood, pregnancy/parenthood)
- Can we improve intervention effects by targeting to a person's genetic predisposition, individual characteristics, environmental settings, other?
- What is the right balance of environment/public health and individual high risk approaches (including weight-loss medication)?

More information about the National Heart, Lung, and Blood Institute can be found at: http://www.nhlbi.nih.gov.

CENSUS BUREAU TALKS ABOUT KATRINA RECOVERY

With the nation's emergency resources gravitating around the Gulf of Mexico, other concerns remained in the wake of Hurricane Katrina and in the aftermath of Hurricane Rita. Questions have proliferated about how we will be able to track what may be one of the largest-scale migrations in the past century in the United States, as well as how we are going to count these displaced people in the censuses.

Representatives from the Census Bureau gave presentations at the quarterly meeting of the Council of Professional Associations on Federal Statistics (COPAFS) addressing these pressing topics.

Alan Tupek, Acting Associate Director for Demographic Programs at the Census Bureau, gave an overview of Katrina's impact on the population. Not only did the storm hit the areas of Louisiana that have the heaviest population density, he explained, but it also hit most of the census tracts in that area with the highest poverty rates. One of the main concerns of the Census Bureau is restoring postal service to these areas in order to deliver the American Community Survey (ACS) questionnaires this year. Despite a rather rapid recovery of postal service in these hard-hit areas, as of September 16, there were still large geographic areas in New Orleans and some in Mississippi where delivery was impossible. Tupek explained that in order to compensate for this, the Census Bureau would still attempt to mail and telephone households to the extent it is possible.

While Tupek states that there would be no new Katrina-related questions in the September data collection for the ACS, he stipulated that the Census Bureau is still considering adding questions for the October collection. The primary goals of these extra questions would be to: find out who evacuated; confirm that these people were living in the affected areas; and ascertain their whereabouts now. Tupek estimated that with these additional questions, it is unlikely that they will find more than 250 people in the next data collection that claim to be evacuees. But he also pointed out that the Bureau may follow up with these people in the future to track what happens to them over time.

New Surveys May Be Needed

Christa Jones, also of the Census Bureau, talked about possible steps that the Bureau may take in the near future to account for the displacement that Katrina caused. As far as reconstruction, she explained, special surveys may be needed to measure progress. If implemented, these types of surveys would focus primarily on the metropolitan areas in the stricken region. Also, she pointed out, there may be opportunities to expand the current surveys to include tracking mechanisms for the displaced population, as Tupek had explained. While she noted that there are no firm proposals for such efforts yet, the Bureau is contemplating the best approaches right now.

ECONOMIC RESEARCH BUREAU HOLDS TAX POLICY BRIEFING

The National Bureau of Economic Research (NBER), a COSSA member, held its twentieth annual tax policy seminar on September 15 in Washington, DC. Aside from discussing a number of papers, meeting attendees also heard from Ben Bernanke, Chair of the President's Council of Economic Advisers. Bernanke, along with NBER President Martin Feldstein, is considered a possible replacement for Alan Greenspan as head of the Federal Reserve Board. He discussed the successes of the President's economic program, particularly the tax cuts, and previewed some of the messages that would be delivered by President Bush later that evening on the response to Hurricane Katrina, including the need to fund recovery through spending reductions rather than tax increases.

EITC Linked to Labor Supply

Hilary Hoynes of the University of California, Davis presented a paper on the lessons from the Earned Income Tax Credit (EITC). Begun in 1975, twenty-two million families currently receive a total of $34 billion dollars in tax refunds from the EITC. It is the largest cash transfer program for lower-income families at the federal level. Its goal is to encourage and support those who choose to work. Hoynes concluded that the labor supply does indeed respond to the EITC, particularly in terms of labor market entry. The Republican Study Group in the House of Representatives has identified fraud in the implementation of the EITC as a place where savings can be found to pay for the Katrina recovery.

Trends in Savings Behavior

James Poterba of the Massachusetts Institute of Technology (MIT), organizer of the seminar and a member of the President's panel examining ways to make the federal income tax fairer and simpler, discussed the growing use of variable annuities as a method of retirement saving. These have grown from five billion dollars to nearly $130 billion in the past 15 years. As can be expected, Poterba found that ownership of variable annuities is highly concentrated among high income and high net wealth sub-groups. However, this ownership is less concentrated, than the holding of several other types of financial assets.

In another talk examining savings behavior, Peter Tufano of the Harvard Business School reported on an experiment that he and his colleagues ran in Tulsa, OK. They studied low-income individuals who were encouraged, at the time of their tax filings, to save parts of their federal refunds by directing a portion of that refund to a savings account. The pilot study concluded that there may be significant demand among these families for this program that would support emergency needs as well as asset building. The difficult part is that many of the participants would deplete most of their savings within six months of deposit.

Finally, Alan Auerbach of the University of California, Berkeley, and a former COSSA Board member, reviewed what we currently know about the burden of the federal corporate income tax. This tax accounted for ten percent of federal revenues in fiscal year 2004, down from more than 20 percent of revenues in the 1960s. After reviewing a model developed by Arnold Harberger in 1962 which characterized the corporate tax as an additional levy on capital income, borne fully by owners of capital, Auerbach discussed "important issues absent from that analysis," including dynamics, investment incentives, corporate financial policy, risk, imperfect competition, choice of organizational form, international capital flows, and managerial incentives. He concluded that "for a variety of reasons, shareholders may [continue to] bear a certain portion of the corporate tax burden."

SOURCES OF RESEARCH SUPPORT

COSSA provides this information as a service and encourages readers to contact the sponsoring agency for further information. Additional application guidelines and restrictions may apply.

NSF Learning and Education Program

The National Science Foundation's Research on Learning and Education (ROLE) Program seeks research on developments across a wide range of fields related to human learning and education. Topics include: behavioral, cognitive and social aspects of human learning, policy research, and diffusion of education innovations.

The NSF's ROLE Program focuses on research that compliments a joint program at NSF, the Evaluative Research and Evaluation Capacity Building (EREC) Program. ROLE seeks to capitalize on important developments across fields related to Science, Technology, Engineering, and Mathematics (STEM) education and human learning, encouraging projects that reconcile and integrate basic research and educational practice as well as generate hypotheses from one disciplinary area that can be tested in another.

The required **letters of intent are due December 11, 2005**. **Full proposals are due January 10, 2006**. Between ten and twenty ROLE awards are expected to be made from a total of $12 million which is expected to be available.

To access the program announcement, see: www.nsf.gov/pubsys/ods/getpub.cfm?nsf05529. Contact: James Dietz, Associate Program Director, NSF, Directorate for Education and Human Resources, Division of Research, Evaluation and Communication, 4201 Wilson Blvd., Room 855S, Arlington, VA 22230. Tel: (703)292-5156. Fax: (703) 292-9046. Email: jdietz@nsf.gov.

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