

COSSA WASHINGTON UPDATE

Volume IX, Number 14

July 27, 1990

BUDGET UPDATE: SUMMIT STALLED WHILE DEVASTATING CUTS LOOM *HS*

After a swift decision on his Supreme Court nominee, President Bush turned his attention last week to the budget summit, vowing to personally participate in discussions until a compromise emerges. By week's end, however, settlement seemed a long way off, as negotiators failed to agree on where to cut spending and how to raise revenue.

Without an agreement, a Gramm-Rudman-Hollings sequestration (across-the-board cut) of more than \$100 billion looms ever nearer on the horizon. Office of Management and Budget Director Richard Darman outlined last week such a cut's ramifications, including severe cutbacks for the National Science Foundation (NSF) and the National Institutes of Health; sequestration would eliminate 28,000 NSF grant recipients and 9,000 Public Health Service research grants.

During a July 25 meeting of the 302b coalition, Rep. Robert Traxler (D-MI) and Rep. William Green (R-NY), chairman and ranking member of the House VA-HUD-Independent Agencies Appropriations Subcommittee, described the outlines of a possible budget compromise. (302b is the section of the budget act that allocates to the various appropriation subcommittees the amount of money they may distribute to programs under their jurisdiction. For those who play the appropriations game, such allocations are key numbers.)

Traxler noted that appropriators are "captives of what's going on at the summit." The only thing worse than a summit agreement, he said, would be sequestration. Although the VA-HUD-IA spending bill has already passed the House (see UPDATE, June 29, 1990), both Traxler and Green made clear that final FY 1991 funding levels are likely to be lower than the bill's figures. The question is: How much?

One Traxler-Green scenario presumes that the summit would provide a framework for \$50 billion in FY 1991 deficit reduction, with that sum evenly split between "revenue enhancements" and spending cuts. They assumed that about \$10-15 billion of the cuts would come from defense spending, leaving the rest for distribution among entitlements and domestic discretionary programs. Since the VA-HUD-IA subcommittee oversees about 25 percent of domestic discretionary programs, both congressmen assumed that the panel's programs would absorb about 25 percent of total discretionary spending cuts.

Meanwhile, the Senate appropriations committee has made its 302b allocations. The allotment for the VA-HUD-IA Subcommittee is \$630 million below the House in outlays and over \$2 billion below in budget authority. These figures suggest that the Senate marks for the National Science Foundation, NASA, EPA, and other programs will be nearer the post-summit-agreement funding level than the House bill's more optimistic numbers. In fact, spending levels in the Senate bill may fall within the parameters of the budget compromise outlined above by Reps. Green and Traxler.

In other Senate appropriations news, the Labor, HHS, Education subcommittee's 302b allocation is \$800 million below the House in outlays and about \$2.3 lower in budget authority.

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HOUSE PASSES LABOR, HHS, EDUCATION APPROPRIATIONS

On July 19, the House passed the Labor, Health and Human Services, Education, and Related Agencies appropriations bill. As promised in the last issue of UPDATE, the following overview offers highlights from the committee report that accompanies the bill.

(Note: The appropriations committee deferred action on programs not yet authorized for FY 1991. Rep. William Natcher (D-KY), chairman of the Labor, HHS, Education appropriations subcommittee, often delays figures for unauthorized agencies.)

NATIONAL INSTITUTES OF HEALTH (NIH)

\$8.318 billion (including AIDS), an increase of \$694.5 million over the request and \$1.041 billion over FY 1990 levels. Deferred: research training and medical library assistance.

The House did not offer NIH a 14.3 percent increase, including AIDS funding, without attaching a few strings. In an effort to respond to the scientific community's concerns regarding diminished support for health research despite increases in the NIH budget, the committee included extensive and very specific report language detailing a four-year financial management plan for NIH. While the committee invited the new NIH director (once he or she is appointed) to submit plan revisions, it made clear that only modifications "compatible with the

goal of stability and predictability during a period of planned growth" would be considered.

Among other things, the plan calls for: a stable grant pool of approximately 6,000 new and 24,000 total awards and no more than 640 centers (15 more than FY 1990 levels); specific cost control measures on the grant system, including an average grant length not to exceed four years and consideration of indirect costs at all stages of grant review; and elimination of downward negotiation.

Expressing support for a balance among funding mechanisms, the report also admonishes "certain segments of the biomedical science community" for focusing too heavily on investigator-initiated research. This year, several biomedical research associations broke from the pack, hired a lobbyist, and almost exclusively promoted-investigator initiated research.

National Institute of Child Health and Human Development (NICHD): *\$488.3 million, an increase of \$43.4 million over the request and \$61.9 million over FY 1990.*

With a 14.5 percent increase, overall NICHD funding fared reasonably well. In highlighting special areas of interest, the report calls on NICHD to support additional "demographic, social, and psychological research" related to infant mortality.

The House continues to withhold support from the Survey of Health and AIDS Risk Prevalence. In contrast to last year's prohibition, however, the committee appears to be softening. The report simply states that "no funds have been requested by the President or added by the Committee for large-scale survey-type studies regarding sexual behavior and AIDS."

National Institute on Aging (NIA): *\$278.3 million, an increase of \$38.9 million over the request and \$48.4 million over FY 1990.*

NIA received a substantial increase, 21.7 percent over FY 1990 levels. The committee made clear its intention that increased funds should be directed to research on Alzheimer's disease, osteoporosis, aging demographics, and urinary incontinence. Social and behavioral science, particularly

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demographics, is reasonably well represented in the NIA section of the report. The Health and Retirement Survey received specific mention and a \$2 million appropriation. The committee also encouraged demographic research on the oldest old. In addition, the report noted research on the burden of care for Alzheimer's patients; prevention of frailty and injuries; and rural health.

Office of the Director: The bill provides a \$38 million discretionary fund for the director. No such money was provided in FY 1990, and the biomedical research community has made establishment of the fund a major priority. The committee report calls for studies on a broad range of topics, including recruitment and retention of senior scientists and plans to improve participation of women as research subjects (a hot topic this year, see UPDATE, June 29, 1990). The committee also encourages NIH to "expand programs to stress science education."

Noticeably absent is a request for a report on health and behavior research, a report expected to be requested by the Senate. However, within this subsection, the committee "recognizes that many problems facing our nation have important demographic, social, and behavioral dimensions which merit systematic study and reiterates its support for the demographic research programs of the NICHD and NIA as core elements of the NIH's institutional mandate."

ALCOHOL, DRUG ABUSE, AND MENTAL HEALTH ADMINISTRATION (ADAMHA)

\$2.649 billion (including AIDS) for research and other activities, a decrease of \$114.4 million from the request but an increase of \$75.1 million over FY 1990. Deferred: research training, community support demonstration projects, and other non-authorized programs.

National Institute of Mental Health (NIMH): *\$430.0 million for research, an increase of \$16.5 million over the request and \$40.5 million over FY 1990.*

Providing a 10.3 percent increase in the research budget, the committee highlights a number of NIMH research areas, calling for expansion of the Decade of the Brain initiative, implementation of the National Plan for Research on Child and Adole-

scnt Disorders, and stronger efforts related to eating disorders. NIMH is encouraged to research methods for ensuring the adequacy and availability of mental health services and for "reducing stress on the families of person's with Alzheimer's disease and other disabling disorders."

National Institute on Drug Abuse (NIDA): *\$265.9 million for research, an increase of \$7.0 million over the request and \$45.3 million over FY 1990.*

The committee makes clear that a "significant portion" of the 20.5 percent increase should be used to expand development of medications to reduce physiological and psychological cravings for addictive drugs. The role of social and behavioral science research in this effort is not recognized.

National Institute on Alcohol Abuse and Alcoholism (NIAAA): *\$143.0 million for research, an increase of \$5.4 million over the request and \$11.4 million over FY 1990.*

Unlike language for NIDA, the NIAAA language specifically mentions the role of "psychologists and behavioral scientists" in addressing craving reduction, identification of high risk individuals, and matching of treatment to patient's individual characteristics. The committee encourages more treatment matching research.

Office of the Administrator: Without providing specific dollars, the committee appears to have picked up the general message advocated by social and behavioral science groups. The report states: "The Committee applauds recent advances in molecular biology and neuroscience toward understanding the mechanisms of dependence and mental illness. The Committee also encourages the agency to increase support at its research institutes for social and behavioral science research."

AGENCY FOR HEALTH CARE POLICY AND RESEARCH

\$68.6 million in general funds, an increase of \$29.5 million over the request and \$18.8 million over FY 1990; \$6.0 million in Medicare trust funds, a decrease of \$23.0 million from the request and the same as FY 1990; and \$13.8 million from the Public Health Service (PHS) one-percent evaluation set-aside, a decrease of \$27.0 million from that allowed by law.

The Agency for Health Care Policy and Research (AHCPR) receives funds from multiple sources, general appropriations, the Medicare trust, and the PHS one-percent evaluation set-aside. The committee report notes concern that the set-aside was drawing too heavily from other research agencies. The committee's action on the AHCPR budget reflects an effort to pull more of the funds for the agency from the regular appropriations process.

General health services research did not fare well in this process. According to the report, medical outcomes research will be boosted by \$10.9 million over FY 1990, but funding for general health services research will be limited to approximately FY 1989 levels, some \$19.8 million below FY 1990 and \$20.5 million less than the FY 1991 request. The bill provides \$26.1 million for this area of research, including \$10.5 million for HIV-related studies.

EDUCATION DEPARTMENT

Fund for the Improvement of Postsecondary Education received \$15 million, up \$3.2 million from FY 1990. Almost one-half of the increase is to develop a pilot minority teacher training program to increase the number of Hispanics, blacks, and other minorities in the teaching profession.

The bill provides \$46 million for **international education and foreign language studies**, an increase of \$6.2 million over FY 1990. Of the total, \$40 million is for domestic programs under Title VI of the Higher Education Act and \$6 million is for overseas programs under the Fulbright-Hays Act.

Graduate education programs were treated fairly well. The Javits Fellowship program received \$8 million, a very slight increase from last year and a rejection of the administration's proposed phase-out of the program. The Patricia Roberts Harris graduate fellowships, which assist schools in attracting under-represented students to graduate programs, received \$18 million, almost \$2 million more than in FY 1990. Patricia Roberts Harris Public Service fellowships took a cut to \$1.2 million, which was the administration request. The committee provided a major increase of more than \$9 million for the Graduate Assistance in Areas of National Need,

bringing that program to \$25 million. (None of the social sciences are eligible.)

The two programs affecting legal education fared well. The Law School Clinical Experience, which the administration tried to abolish, survived with a \$5 million appropriation, up \$65,000 from FY 1990. The Legal Training for the Disadvantaged program received \$3 million, up \$532,000 from FY 1990.

Education research in the Office of Educational Research and Improvement received \$61.3 million. Of that appropriation, \$5.5 million was moved from discretionary activities to the regional laboratories to expand the rural initiative. The report also warns the Education Department not to retain any funds slated for the laboratories for any purpose. The set-aside for improvement of rural schools was increased from 25 percent to 30 percent of the regional educational laboratory appropriation.

The National Center for Educational Statistics received \$41.5 million, \$18.9 million more than the FY 1990 amount. In addition, the **National Assessment of Educational Progress** received \$18 million, \$916,000 more than FY 1990. The committee restricted the amount going to the National Assessment Governing Board to \$1 million; the authorization allows up to 10 percent of NAEP funds. "The Committee does not believe it makes sense to link funding of the Board to a percentage of total funding."

EDUCATION REFORM CONTINUES TO FOCUS POLICYMAKERS' ATTENTION

What role should the federal government play in improving American education? That question was the focus of a July 26 hearing of the Joint Economic Committee, chaired by Rep. Lee Hamilton (D-IN). Hamilton sought opinions on how proposals to restructure the nation's schools would lead to a different federal role beyond that of "junior partner," as witnesses described the current situation.

Hearing witnesses - Henry Levin, director of the Center for Educational Research at Stanford University; John Chubb, senior fellow at the Brookings Institution; and Lorraine McDonnell, senior

political scientist at the Rand Corporation – all agreed that Washington's piecemeal approach (in which Congress passes legislation to address specific problems, such as math and science education) is not working. Effective reform requires a more comprehensive restructuring of the U.S. educational system, they said.

Chubb, who along with Stanford political scientist Terry Moe recently published *Politics, Markets, and America's Schools*, called for, in Hamilton's words, "a radical" solution. Chubb and Moe's study of 500 high schools and 22,000 students, teachers, and principals found "that the fundamental causes of poor academic performance are not to be found in the schools, but rather in the institutions by which the schools have been traditionally governed."

The answer to U.S. educational problems, according to Chubb, "is a new system of public education that eliminates most political and bureaucratic control over the schools and relies instead on indirect control through markets and parental choice." The role of the federal government is to insure equity within the marketplace and to allow money from federal programs (e.g. Chapter 1 remedial dollars) to follow the student rather than be tied to a specific school.

Levin described the "Accelerated School" approach he and his colleagues have developed for treating at-risk students as gifted and talented students. Focusing on the long-run payoffs of increased productivity and taxes from these students, Levin called for the federal government to invest an additional \$12 billion to \$13 billion per year in education. He also advocated support for social services that affect students and their families.

McDonnell, on the other hand, suggested a more cautious approach. The federal government needs to do a better job in the "collection and reporting of more complete and valid data about all aspects of schooling," she said, as well as in "efforts to determine whether proposed solutions actually do improve student learning."

She warned of the fragmented approach to educational reform, noting that despite its high visibility, "major experiments in restructuring are still few, and many stem from unique circumstan-

ces." Investing in promising experiments is only a first step, she added. "Without information about the conditions under which reform strategies will be compatible with local needs and incentives, and without the resources to move from innovation to widespread practice, the reforms of the 1990s will go the way of 'open classrooms', the 'new math,' and educational television," she said.

McDonnell also made a strong plea for educating citizens, as well as training future workers, as a motive for school reform. "If we are to have both productive workers and strong citizens," she declared, "the federal government also needs to pay equal attention to the subjects that increase civic learning, namely the humanities and social sciences."

OERI ANNOUNCES FIELD INITIATED STUDIES GRANTS AND NELS DATA

The Office of Educational Research and Improvement (OERI) announced the winners of the FY 1990 competition for Field Initiated Studies. These grants are awarded by the Office of Research in a competitive process from non-solicited proposals. Clearly the poor relation in the Office of Research's portfolio, the 1990 awards totaled about \$750,000 for 11 projects. By comparison the national research and development centers number 25 and receive about \$20 million.

The 11 projects include studies of: how children in low socioeconomic groups and urban settings learn to read and write in kindergarten and first grade; the role of family values and behaviors in educational attainment and performance; mentoring, gender, and publication among social, natural, and physical scientists; academic learning and critical reasoning in three areas – American history, American literature, and biology; and early language and literacy activities in the home.

OERI has also announced that the baseline results are now available for the National Educational Longitudinal Study (NELS) of 1988, the first nationally representative sample of eighth graders. The study, which sampled 1,000 schools and almost 25,000 students, provides a profile of the attitudes, school performance, and activities of eighth grade students. It also incorporates supporting data from

students' school principals, parents, and teachers to identify additional factors that affect student achievement.

The National Center for Educational Statistics plans to continue to study this group of students through tenth and twelfth grades and to conduct additional follow-ups at two-year intervals. Information about NELS is available from Ann Haffner at the National Center for Education Statistics, 555 New Jersey Ave., NW; Washington, DC 20208.

SENATE PANEL APPROVES SIMPSON VISA RESTRICTION LEGISLATION

A Senate subcommittee approved legislation July 19 to restore ideologically-based visa restrictions. Sponsored by Minority Whip Alan Simpson (R-WY), the bill would reinstate a variety of barriers, including restrictions based on political affiliation. The bill awaits action by the full Judiciary Committee, chaired by Sen. Joseph Biden (D-DE).

Simpson's bill (S. 953) was approved by the Subcommittee on Immigration and Refugee Affairs, chaired by Sen. Edward Kennedy (D-MA). The measure's political provisions would deny visas to a wide variety of applicants, including most current or former Communist party members. In addition, the legislation includes restrictions based on health, although AIDS and HIV-infection are not mentioned specifically.

The bill goes on to specify a wide variety of other restrictions, including provisions that would bar prostitutes and polygamists from entering the United States.

Opponents of the Simpson bill, including organizers of the Free Trade in Ideas Coalition, characterize the legislation as a significant step backward. Ideological visa restrictions were largely eliminated in a provision, known as Section 901, that Sen. Daniel Patrick Moynihan (D-NY) attached to last year's State Department authorization bill.

State Department Reluctance

Even without the Simpson bill, however, problems continue for many visa applicants. Moynihan's

Section 901 provision bars ideological visa restrictions, but the State Department has chosen to interpret the provision narrowly. Previous ideological visa restrictions remain in force, State officials say, and Section 901 simply mandates that waivers be granted as a matter of course. Consequently, applicants falling afoul of Cold-War restrictions still on the books must endure a lengthy waiver process. Critics charge that such waivers are unnecessary and unjustified.

MOYNIHAN PROBES U.S. ESTIMATES OF SOVIET ECONOMIC STRENGTH

Examining what one witness called "the largest social science project ever undertaken," the Senate Foreign Relations Committee heard testimony July 16 on the history of American estimates of the Soviet economy. With Sen. Daniel Patrick Moynihan (D-NY) acting as chairman, the panel probed witnesses on how well the United States has judged the Soviet economy during the past 40 years. Moynihan raised similar questions in a July 11 op-ed piece for the *Washington Post*, which discussed the impact past estimates have had on American foreign and economic policy.

Prepared by the Central Intelligence Agency (CIA), the official U.S. estimates of the Soviet economy "may have been an enormous mistake," Moynihan said, consistently overestimating the size and growth of an economy which is now "almost in collapse."

Citing the Gaither Commission, which was appointed by President Eisenhower in 1957 during the post-Sputnik American panic, Moynihan argued that the commission's report was typical in its depiction of the Soviet Union as a dynamic, industrial economy. The commission concluded, Moynihan said, that if then-current growth rates continued, the Soviet economy would eventually overtake that of the United States.

Moynihan had two questions for the parade of witness called to testify: (1) How did we get it so wrong? and (2) Did the overestimates create pressures for increased U.S. military spending at the expense of alternative economic decisions?

Even today, according to Charles Wolf, director of the RAND Graduate School, evaluations of Soviet economic achievement range from 14 percent to 55 percent of U.S. gross national product (GNP). Michael Boskin, chairman of the president's Council of Economic Advisers, put the figure at 33 percent. Boskin argued, however, that calculating Soviet economic performance is difficult for many reasons: the lack of a market pricing system in the Soviet Union; the inconvertibility of the ruble; and the failure of almost 50 percent of Soviet agricultural goods to reach the market (largely because of inefficient transportation and spoilage).

George Colt, director of Soviet Analysis for the CIA, defended the agency's past estimates. He pointed out the difficulty of assessing the economy of a closed, totalitarian society where official statistics are "devoid of useful information." University of North Carolina economist Steve Rosefielde echoed that complaint, terming Soviet economic statistics "fraudulent." Abram Bergson of Harvard, who Moynihan noted was "present at the creation" of the project, also defended the CIA system and attacked the alternative models as "notably crude."

Yet it was clear from the testimony of other witnesses and citations to the alternative models (some developed by Soviet scholars in the era of *glasnost*) that something was amiss. Even Colt and Bergson admitted that some of the criticisms of the CIA data are valid. Moynihan noted that as late as 1987, CIA estimates had the East and West German economies as roughly comparable.

Policy Impact

Moynihan's question regarding the impact of American overestimates was not easy to answer. Wolf argued that the United States did not overreact to the exaggerations of Soviet economic growth. In particular, large Soviet military expenditures (close to 25 percent of GNP by some estimates) created a belligerency that necessitated a response. Judy Shelton, a senior research fellow at the Hoover Institution, noted that the Soviet threat to the United States was not economic or ideological, but military, and that poor economic performance did not reduce that threat.

Moynihan agreed that calculations of Soviet defense spending were not exaggerated, but he claimed that mistakes in analyzing the overall economy created a situation where the U.S. should have realized that massive Soviet military spending was not sustainable. Therefore, Moynihan argued, the U.S. should have adjusted its military buildup begun in the Carter administration and accelerated under Reagan.

Moynihan said he would continue to explore these questions. A General Accounting Office analysis of the situation is in the works, although CIA lack of cooperation has, in Moynihan's view, "been discouraging." Wolf argued for further work on validation techniques and saw some promise of improvement with the acceleration of scholarly survey work in the U.S.S.R.

Boskin pointed out some additional encouraging signs. As the Soviets proceed toward a market driven economy measurements should be easier. Furthermore, Boskin said, his recent trip to the Soviet Union included meetings with Soviet economists and statisticians who are preparing for a future where Soviet data will be more reliable. Even CIA's Colt is anticipating more cooperation from the Soviets on the development of useful economic statistics.

CORRECTIONS

COSSA regrets that the last issue of UPDATE included two editing errors. A story on congressional efforts to improve U.S. education misidentified the sponsor of the 1983 report, *A Nation At Risk*. The report was prepared by the National Commission on Excellence in Education.

Also, a story on scientific mentoring inaccurately described the remarks of Stanford chemist John Brauman. His comments indicated that the mentoring system *does* embody sufficient incentives to ensure that faculty take the educational aspect of their jobs seriously.

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