

1 MR. CASTEEN: I am John Casteen. I am the President of
2 the University of Virginia, and my task today is to act as
3 moderator of the workshop. I would like to start by welcoming
4 you and to thank you for coming.

5 Our goal is to address a number of the issues to
6 earmarking appropriations for research and alternative ways of
7 distributing those dollars. The discussion marks a kind of
8 turning point in our ability to understand this issue in
9 different ways and in new ways. I should acknowledge the support
10 of the sponsoring organizations: the American Association for the
11 Advancement of Science, the National Academy of Sciences, the
12 Association of American Universities, and the National
13 Association of State Universities and Land Grant Colleges.

14 This workshop was scheduled, as you know, a good bit
15 before the events of September the 11th. I should tell you that
16 we had some discussion about whether or not we should move
17 forward with this program at this time, and that, ultimately,
18 believing that the national interest really does lie in
19 developing sound procedures for addressing these issues and other
20 issues, the decision was made to move ahead. So I welcome you
21 with the understanding that for all of us, this is a difficult
22 time.

23 The topic itself, I think, is a provocative and let's
24 hope a productive one, for a lot of reasons. It raises
25 fundamental questions about the nature of science itself. It
26 pushes us toward questions of definition that are the business of
27 our first panel. It raises questions about how best to advance
28 scientific knowledge, about the influence of social and political
29 interests on scientific research and on academia's missions. It
30 raises questions about the role of government in funding science,
31 the obligations of government with regard to research, and
32 finally, questions about the equitable and effective distribution
33 of federal funding for scientific research.

34 I would expect that all of these questions have to be
35 on our minds this afternoon. We believe this will be the start
36 of a discussion and not the end of one -- that we're likely to
37 work through these issues over the course of several months, but
38 that the core issues covered today are likely to drive the

1 discussion as it goes forward.

2 The history, as you know, is not ancient history; it
3 goes back about 20 years. In 1980, the Congress earmarked some
4 \$16 million for scientific research to be conducted at about 21
5 colleges and universities. The Chronicle of Higher Education
6 reports that in this fiscal year—fiscal 2001—\$1.67 billion of
7 federal research funds were earmarked for nearly 200 colleges and
8 universities.

9 Partly in the interest of full disclosure and partly
10 simply to say that in all parts of the academy, this has
11 significance, I should tell you that so far as we can tell, my
12 own institution, Virginia, has received \$3 to \$4 million in
13 earmarked funds since about 1980. By and large, the funds have
14 gone to projects sponsored by, proposed by, individual faculty
15 members, and quite often, projects that were of some vital
16 interest to national leaders, especially those involved in the
17 political process.

18 I should note also that since the adoption of the AAU's
19 moratorium on earmarking in the mid-'80s, fewer than ten, and
20 possibly as few as five or six AAU member institutions have
21 refrained from seeking federal earmarked funds.

22 So the truth is that even in the sector of higher
23 education that has been most determined to discourage the
24 mechanism, the evidence is that the vast majority of member
25 institutions have, in fact, participated in the system.

26 A number of things have changed since 1980. For one,
27 the pool or the number of universities with growing aspirations
28 for international advancement, for institutional advancement, has
29 expanded.

30 At the same time the supply of available funds to
31 finance this advancement has always exceeded the demand for
32 expenditure of them. And obviously, in that context, it is no
33 surprise that institutional interest in designated or earmarked
34 funding has been very much on everyone's mind in the course of
35 this period.

36 I think it is obvious to all who have looked at it,
37 certainly to our members of Congress who have worked on the
38 issue, that this source of funding has not, in general, proved to

1 be the pot of gold at the end of the rainbow. Issues surround
2 earmarked funding, and these issues have led to decisions about
3 whether to seek those funds or, indeed, whether to allocate those
4 funds, especially complicated ones.

5 The debate about earmarking is complex and involves not
6 two sides, but eight or 10 sides. But in any event, on two
7 extreme sides, the arguments go something like this. Those who
8 argue that earmarking is good for science and for the academy and
9 that it serves the public interest argue something like this.
10 First, the existing peer review system is biased in favor of
11 established institutions. And those institutions are, by and
12 large, members of an old boy network, so those institutions have
13 a kind of inside track with regard to the allocation of funds
14 through the peer review process.

15 Second, earmarking supports scientific research in
16 institutions located all across the country, including regions
17 that have not previously or historically benefitted by the
18 availability of federal funding to support research work.

19 Third, in the absence of a meaningful federal research
20 facilities program—an issue that goes back almost 15 years—
21 earmarking has been necessary to support advancement, especially
22 in institutions that were not historically part of what I called
23 the network a moment ago.

24 Fourth, earmarking has the effect of offsetting the
25 inadequacies of the indirect cost system, and that system fails
26 to fund the true cost of research facility construction and
27 maintenance and conversion. Therefore earmarking is a way of
28 addressing true costs in institutions that are undergoing change.

29 Fifth, and the argument that perhaps one hears most
30 often, everyone else is already seeking earmarked funds, and
31 institutional presidents or research leaders who do not do so
32 are, in effect, abdicating responsibility for their institutions,
33 and indeed, to science itself.

34 There is probably some jaundice in the way I have
35 described that side of the argument. But in any event, I think
36 most of you will recognize those as core issues.

37 On the other side, there is the argument against the
38 process by which funds are earmarked. Advocates of that

1 side of the issue argue something like this.

2 First, earmarking undermines peer review itself. The
3 implication of that is that it undercuts the cause of excellence
4 in the sciences.

5 Second, if peer review is, in fact, biased, and if it
6 concentrates resources in a small number of inside institutions,
7 earmarking does the same thing, but breaks the pool of
8 institutions along different division lines.

9 Third, earmarked funds are often wasteful and they are
10 often ineffectively spent.

11 Fourth, earmarking creates an opportunity cost and it
12 crowds out peer reviewed projects.

13 And fifth, earmarking promotes hypocrisy in academic
14 science.

15 The truth is, this is not the first time that this
16 discussion has come up, as you know. In the early '80's,
17 culminating in a resolution adopted in 1983, the AAU first
18 conducted a debate about earmarking, and then took a position
19 against it. October 25, 1983, the AAU's position was first
20 adopted.

21 My colleague, Jim Savage, in his book, *Funding Science*
22 *in America*—published about a year and a half ago, and which
23 covers this issue, I think, pretty thoroughly—recalls that the
24 AAU called on universities and members of Congress, and I quote,
25 "to refrain from actions that would make scientific decisions a
26 test of political influence rather than a judgment on the quality
27 of work to be done. We believe that processes based on the
28 informed peer judgments of other scientists need to be preserved
29 and strengthened." And that is the core of the position that AAU
30 took in 1983.

31 On November 14th of 1983, NASULGC passed a similar
32 resolution. And later on, so did many other organizations,
33 including the National Academy of Science and the American
34 Council of Education.

35 In 1987, after that round of resolutions failed to stop
36 the process, the AAU called for a moratorium on earmarking, and
37 this was the second time in five years that AAU had called on its
38 members to abstain voluntarily from seeking earmarked funds.

1 In addition to academic organizations, other entities
2 have taken an interest in the issue, most notably those in the
3 executive branch of government, and of course, those who work in
4 the Congress.

5 But in any event, in the executive branch, for about 29
6 years, the Presidents, and their science advisors, and their
7 heads of OMB, have unanimously been opposed to earmarking. It
8 has been Presidents of both parties. President Reagan, the
9 senior Mr. Bush, the younger Mr. Bush, President Clinton, all
10 made strong statements against earmarking. And all in one way or
11 another blamed it for contributing to the national deficit and
12 for being a wasteful mode of spending.

13 Members of Congress have been somewhat divided on the
14 issue. Those who have spoken out on it have tended to have
15 fairly strong feelings about it, and obviously the support for
16 the system has been largely within the Congress and not in other
17 parts of government.

18 That said, the first part of this discussion has to do
19 with definitions. We have with us today a number of speakers who
20 have had experience in this area. In the fiscal year 2002 budget
21 request the executive branch of the government has, for the first
22 time, published a definition of earmarking.

23 The definition is, "research performed by congressional
24 direction."

25 Today's discussion will almost certainly seek to
26 provide some ideas that OMB can use in modifying and perfecting
27 its definition, but also discussion that has to do with other
28 perceptions of what the issue actually is.

29 The first panel to convene includes Sarah Horrigan of
30 the U.S. Office of Management and Budget, Jeff Brainard and Ron
31 Southwick of the Chronicle of Higher Education, Kei Koizumi of
32 AAAS, and Dan Pearson of the House Science Committee staff, on
33 the Democratic side.

34 I would like to invite you, if you will, to join me at
35 the table and we will begin the discussion.

36 We have not had occasion to collaborate a forethought
37 about how we are going to do this. Sarah, maybe I will ask you
38 to start, and we will have presentations coming this way until

1 everyone has had a chance to speak. And then I would like to
2 have time for audience discussion in about an hour or something
3 of that sort.

4 Sarah Horrigan.

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