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This Week . . .

- **Mikulski's Subcommittee Scrutinizes NSF Budget** HS
- **House Appropriations Subcommittee Looks at HHS Budget** SB, BD
- **OMB Sends Sexual Behavior Survey to HHS for Review and Revision** SB
- **'Why Do People Pay Taxes?': COSSA Seminar Searches for Answers** BD
- **American Agricultural Economics Association Joins COSSA** BD

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MIKULSKI'S SUBCOMMITTEE SCRUTINIZES NSF BUDGET

In her new role as chairman of the Senate Veterans Administration-HUD-Independent Agencies Appropriations Subcommittee, Barbara Mikulski (D-MD) made her debut as the chief interrogator of the National Science Foundation (NSF) on April 3 and 4. From her sharp opening statement through the questions that followed, Mikulski made clear her skepticism about funding for university-based basic research. NSF Director Erich Bloch defended the Foundation's budget and activities, but Mikulski was in no mood to accept many of the responses.

Mikulski began by noting it will be "extremely difficult" to fully fund the NSF request for a 14% increase in FY 1990, especially since NSF had done quite well in previous years, compared to housing programs that also fall within the Subcommittee's jurisdiction. She charged that NSF's main clients -- research universities -- viewed NSF grants as entitlements rather than investments in the future.

As a sponsor of one of the many proposals for national service by young people, Mikulski sharply criticized NSF and its clients for failing to offer a greater commitment to the "nation." Claiming the "heart and soul of American universities is what goes on at the undergraduate level," Mikulski further questioned the commitment of NSF and universities to training "the intellectual infrastructure" of the 21st century.

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The Consortium represents more than 185,000 American scientists across the full range of the social and behavioral sciences, functioning as a bridge between the research world and the Washington community.

Raymond E. Wolfinger, *President* Howard J. Silver, *Executive Director*

Bloch, joined by National Science Board Chairman Mary Good, emphasized that NSF grants are "investments in the future of the nation." NSF's role, Bloch explained, was to act as a catalyst for change in science education and science literacy. Bloch defended NSF's major commitment to education and human resources in its budget allocations, and also noted NSF's role in promoting science education and research opportunities for undergraduates. Bloch pointed to discussions with Education Secretary Lauro Cavazos to plan the coordination of efforts with the Department to expand science education at the pre-college level. Mikulski seemed skeptical of any contributions from the Department and encouraged the greater use of public-private partnerships.

Senator Charles Grassley (R-IA) focused on the peer review system at NSF, once again raising the charge of the "old boys' network." He wondered whether the safeguards to protect the system of merit review were appropriate. Grassley was also concerned with the earmarking of funds for specific university projects, usually involving facilities; he said he was worried that academic research is, in Mikulski's words, "becoming a pork-barrel."

In light of the public cynicism engendered in part by threatening technology, Sen. Robert Kerry (D-NE), new to the Subcommittee, wondered how the purposes of basic research could be better presented to the public. He also suggested that NSF should serve as more than just a catalyst for science education and science literacy. Kerry raised the notion that by making judgments about research funding that would lead to technology and product development, the NSF peer review system is, in fact, part of an industrial planning operation for the country.

Unlike its counterpart body in the House, the Subcommittee did not focus on specific NSF programs, such as the social and behavioral sciences (see Update March 17, 1989). Picking up the mantle of former Chairman William Proxmire, Subcommittee staff scrutinized grant titles in the social and behavioral sciences, but NSF did not have to defend them during the hearing. However, subsequent written questions for the Subcommittee record have included requests to justify some of the grants made to social and behavioral scientists.<<

HOUSE APPROPRIATIONS SUBCOMMITTEE LOOKS AT HHS BUDGET

The House Labor, Health and Human Services, Education, and Related Agencies Appropriations Subcommittee, chaired by Rep. William Natcher (D-KY), continues to review the FY 1990 budget requests for agencies under its purview.

On three consecutive days, the Subcommittee heard from the heads of agencies of particular interest to the social and behavioral research communities. On April 4, the Subcommittee held a hearing on the National Institute of Child Health and

Human Development (NICHD) of the National Institutes of Health (NIH). Discussion continued on April 5 when consideration was given to NIH's National Institute on Aging (NIA). The Alcohol, Drug Abuse, and Mental Health Administration (ADAMHA) budget request was presented on April 6.

National Institute of Child Health and Human Development

The Subcommittee appeared generally supportive of NICHD's efforts, as presented by Director Duane Alexander. Members expressed concern that the budget proposal was lower than current services needs by some 12%. Rep. Steny Hoyer (D-MD) asked pointedly, "By cutting back, at how much greater risk do we put our children?"

Rep. Natcher requested that Alexander outline for the record what the Institute could do if $50 million over the budget recommendation was appropriated. As a preliminary answer, Alexander indicated that those funds would allow increased support for such activities as clinical trials in low birth weight and pediatrics AIDS, the centers program, contraception research, and behavioral medicine. NICHD priorities in behavioral medicine -- research on the links between health care and behavior -- include injury prevention, prenatal care, and AIDS transmission.

Questions were raised about a number of social and behavioral research projects. Rep. John Porter (R-IL) asked whether the usefulness of the Survey of Health and Sexual Behavior (see next story) would be jeopardized if a high proportion of the sample refuses to participate. Alexander emphasized that experience would predict low refusal rates and that this issue was being addressed by conducting a pilot test. Hoyer asked about infant day care research and the overlap of NICHD's efforts in injury prevention with those of the Centers for Disease Control.

National Institute on Aging

Not surprisingly, when NIA Director T. Frank Williams testified April 5 on behalf of his agency's FY 1990 budget, research on Alzheimer's Disease was the main topic of discussion. Nevertheless, Williams reserved space in his testimony to mention other research areas of "increasing interest," among them, proposed studies of older rural populations, AIDS as it affects older people, and international and cross-cultural studies.

Speaking before the Subcommittee, Williams referred to the "social and behavioral aspects" of long-term care for the elderly. Current studies, he noted, "include research on the interactions between formal and informal health care, on active and dependent life expectancy, and on the effect of recent changes in the American family on intergenerational relationships and support capabilities." Williams also used the occasion to voice support for the maintenance and expansion of various types of data bases used in aging-related research. His list included the agency's plan to renew the health and retirement survey.

Williams closed by echoing the administration's request of $229.6 million for NIA in the coming fiscal year (see <u>Update</u>, February 3, 1989). During a question-and-answer period following Williams's testimony, Natcher and other Subcommittee members conveyed their general support for NIA and its work, though some expressed their concern that the administration's request might not be enough to meet all of Congress' mandates for the agency.

<u>Alcohol, Drug Abuse, and Mental Health Administration</u>

In introducing the FY 1990 budget request, ADAMHA Administrator, Frederick Goodwin, offered the Subcommittee his perspective as a practitioner and a scientist about the critical need for research in the alcohol, drug abuse, and mental health fields. Repeating his well known views on this subject, Goodwin stressed that research leads to concrete advances and legitimizes often stigmatized disorders.

The hearing covered activities of the four major programs within ADAMHA -- the National Institute of Mental Health, the National Institute on Drug Abuse, the National Institute on Alcohol Abuse and Alcoholism, and the Office for Substance Abuse Prevention. As a result, questions raised covered a broad spectrum of issues. Throughout, much congressional attention focused on the use of the FY 1989 supplemental funds made available through the Omnibus Drug Act and on the administration of the state block grant system.

The hearing lacked the generalized support sensed at the NICHD and NIA budget reviews. Things appeared particularly unfriendly when Rep. Carl Purcell (R-MI) persistently suggested that research in drug abuse is "over-complicating" the problem and is not leading the country any closer to a solution.<<

OMB SENDS SEXUAL BEHAVIOR SURVEY TO HHS FOR REVIEW AND REVISION

In response to heated public debate over the National Survey of Health and Sexual Behavior, Richard Darman, director of the Office of Management and Budget (OMB), has passed the buck to Louis Sullivan, Secretary of Health and Human Services (HHS) (see <u>Update</u>, March 3, 1989). In an April 6 letter to Sullivan, Darman requested that the Secretary "review the questions <u>personally</u>," giving consideration to "whether the inevitable controversy that would be associated with this proposed study -- as currently drafted -- would advance the interests we share" in support of academic and public policy research.

Darman made clear that OMB does not have the "authority ... to stop the proposed study under the Paperwork Reduction Act," the mechanism through which OMB initiated its review of the survey instrument. In contacting Sullivan, Darman suggests that HHS use its authority to consider "larger issues," stating, "I have a great deal of difficulty understanding how many of the questions are related to essential public interests."

Sullivan responded promptly to Darman's request. On April 7, Sullivan directed the Public Health Service (PHS) to "conduct a thorough review and revision" of the proposed survey. In a public statement, Sullivan indicated that he himself would conduct a final review once the PHS revisions were completed.

This action has been followed closely by the leading congressional foe of the study, Rep. William Dannemeyer (R-CA). To bolster support for his views and those of the conservative right, Mr. Dannemeyer has circulated a Dear Colleague letter requesting that members of Congress contact Sullivan to express concern about the survey.

COSSA continues to work with a broad coalition of organizations to assure that the NICHD-funded survey is allowed to go forward in a form that preserves its scientific integrity.<<

'WHY DO PEOPLE PAY TAXES?': COSSA SEMINAR SEARCHES FOR ANSWERS

It's tax time in America, and despite much grumbling, millions of U.S. citizens have once again chosen to take part in this annual rite of spring. The possible motivations for their behavior served as the focal point of a COSSA-sponsored congressional seminar held on Capitol Hill on April 12.

Two COSSA affiliates -- the American Assembly of Collegiate Schools of Business and the Law and Society Association -- joined the Consortium in sponsoring the seminar, "Why Do People Pay Taxes?". The event, one in a series of seminars designed to educate Congress on the latest findings in social and behavioral science research, brought together four prominent researchers who offered some of their own findings and conclusions on the topic. They are: Richard Lempert, professor at the University of Michigan's Law School and sociology department; John Carroll, associate professor at the Massachusetts Institute of Technology's Sloan School of Management; Daniel Nagin, associate professor at Carnegie Mellon University's School of Urban and Public Affairs; and Betty Jackson, associate professor at the Graduate School of Business Administration at the University of Colorado at Boulder.

As the seminar's moderator, Lempert provided a sketch of the landscape of U.S. taxation. In this country, he said, people owe about $400 billion in taxes. Of that amount, they pay about $330 billion, and the Internal Revenue Service (IRS) manages to squeeze another $8 billion or so from them; the result is an estimated shortfall of $60 billion. Nevertheless, he noted the importance of examining the reasons why so many people do pay their taxes, since a better understanding of their behavior might lead to a narrowing of the gap between what's paid and what's owed.

Lempert suggested three basic reasons for taxpayer compliance: the belief that paying taxes is "the proper thing to do;" fear of being caught and punished for non-compliance; and external factors in U.S. society that encourage compliance (such as tax-withholding options and the use of tax preparers and consultants). These key reasons, as well as other factors, were discussed in greater detail during the course of the seminar.

Carroll noted that ongoing research is beginning to show that tax-compliance behavior tends to hinge on what one's acquaintances and relatives are doing. In this context of comparative behavior, he also suggested that media ads may play a part in encouraging non-compliance. Carroll also raised the issue of withholding from earnings. While many consider this option "an interest-free loan to the government," he said one must also consider the psychological reward inherent in receiving a refund from the government.

As for tinkering with the tax system, Carroll cautioned that policymakers walk a fine line; instituting a new policy to increase compliance among some people might decrease compliance among others. He added that further research is needed to track the effects of tax policy initiatives.

Regarding the Tax Reform Act of 1986, Carroll said studies have shown that while many people had strong reservations about how the re-writing of the tax code would affect them, many came to believe that the new rules appeared to be fairer than they first expected. Later in the seminar, he noted that there is no verdict yet on the extent of the Act's popularity in terms of its actual application. People are taking "a wait-and-see attitude," he said.

Nagin discussed enforcement and penalty structures designed to deter tax evasion. Such deterrence, he said, is determined mainly by the probability of detection and by the severity of the consequences of being caught. Probability of detection depends, he said, on the "visibility" of revenue sources (with wages and other forms of reported income at one end of the scale and "underground" income at the other). The formation of tax policy, he said, should include consideration of "visibility enhancement" techniques such as information reporting and withholding earnings.

Information reporting is "demonstrably effective" in improving tax compliance, Nagin said, as is withholding earnings, to a lesser extent. However, Nagin questioned whether the costs incurred by the IRS in employing these and other techniques are indeed offset by the amount of revenue they bring in.

In discussing audits, Nagin said that while they are useful in deterring tax evasion, it is not known how a given incremental increase in the number of audits will affect the overall level of compliance. At the same time, there are concerns about the use of monetary penalties as an "attractive fix" for the problem of non-compliance. These and other issues, he concluded, can best be addressed by making the right research commitments.

Jackson addressed the role played by third parties (tax preparers and consultants) in assisting or thwarting tax compliance. Noting that 50% of U.S. taxpayers enlist the services of third parties, Jackson said they serve as the "front line" in terms of IRS access to the taxpayer.

Most surveys show that people enlist the aid of tax preparers and consultants for two basic reasons: to help ensure that their returns are properly filed and to minimize the amount of taxes they are legally required to pay.

Jackson noted that the bond linking the IRS and the tax preparer was traditionally one of trust. However, with the advent of tax loopholes and special exemptions, that level of trust has broken down. By the nature of their service, preparers are inclined to find loopholes for their clients and interpret ambiguous parts of the tax law in their clients' favor. At the same time, Jackson noted, the IRS has much to gain from the preparer, since the latter provides education and service functions that help the tax system run more smoothly.

NRC Releases Study on Tax Compliance

A two-volume report on taxpayer compliance was released April 5 by the National Research Council (NRC) of the National Academy of Sciences. The report's first volume, Taxpayer Compliance: An Agenda for Research, was edited by Jeff Roth, John Scholz, and Ann White, and presents the NRC panel's report, critically reviews the conclusions reached by previous research, and recommends future research programs to fill gaps in knowledge.

The second volume, Taxpayer Compliance: Social Science Perspectives, edited by Roth and Scholz, is a collection of eight background papers (including ones by Nagin and Carroll) that explore various aspects of the topic. The two volumes will be available in June. For more information, contact Jeff Roth, National Research Council, 2101 Constitution Avenue, NW, Washington, DC 20418; 202/334-3577.<<

AMERICAN AGRICULTURAL ECONOMICS ASSOCIATION JOINS COSSA

The Consortium is happy to announce the addition of the American Agricultural Economics Association (AAEA) to the COSSA affiliate family. The Association's decision to join COSSA brings the Consortium's list of affiliates to 31.<<

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