

27. The Research Fund

Medicine as a whole came of age when the stature of the science grew large enough for it to combine with the art in mutual understanding and respect.

DANA W. ATCHLEY, QUOTED BY
JOHN H. DUNNINGTON, 1959

IN THE BACKGROUND of Academy educational efforts—and providing a comfortable financial backdrop to Academy activities—was what began in 1921 as the Research Fund, although not until the 1970s did income from the fund go in direct support of Academy programs or activities, nor could it be used to bail out the Academy had the society gotten into financial trouble. Its authorized use, although changed several times over the years, was always quite circumscribed.

The fund was started at a time when the Academy was taking a spate of action in behalf of improving the quality of practice—the Boards, instruction courses, pathology registries—and it was considered one more means for an increasingly important society to contribute to the specialties. Its aim was to stimulate individual investigation.

The fund began with a nest egg of \$27,000 in Liberty Bonds purchased during the First World War. And with \$5 from each member's dues earmarked yearly for the fund and subsequently invested, assets grew steadily. By the early 1930s, security holdings were worth in excess of \$100,000 and yielded an annual income of \$4,000 that went in support of research.^{1(pp449-450)}

While the fund itself exceeded expectation, its aspired purpose fell short. Its impact in stimulating research seemed nebulous, and the inevitable measure of value received from research supported was disheartening.

In the beginning, no one talked, or perhaps even thought, in terms of tangible returns from research fellows. There was a more or less undiscerning desire to support research for the sake of supporting research, although there was nothing frivolous or careless in the choice of fund recipients. It had, however, because of lack of interest and lack of facilities, proved initially difficult to find a man in each specialty properly suited and situated to take on a project. That difficulty was soon overcome as word spread that the Academy had funds to bestow.

A healthy number of applications came yearly from individuals as well as from committees and organizations to the Council's Committee on Research and Finance, which recommended expenditures and also handled the investment end of the Research Fund in collaboration with Comptroller Secord Large. The only hard-and-fast rules obtaining were that expenditures in any one year should not exceed interest on the Academy's capital investments and that the choice of investments would be

limited to those securities acceptable in trust accounts.

If there were any guidelines for selection of research fund recipients, they were not resolute enough to have been recorded. Opining the worth of proposed research projects proved mostly a matter of guesswork. Research fellows were asked to give yearly progress reports, which often came in the form of scientific papers at the annual meeting, and the general policy was to continue a grant until completion of a project.

The research subjects were neither esoteric nor banal, but they appear far too general and grand to be productively supported by the Academy's modest funds. While some grants were substantial, others in amounts as small as \$200 or \$300 were more in the neighborhood of gifts and token support at best.

The total lack of comment or commendation from the Council on research work is something of a mute testimony of doubt as to the worth, results, or benefits of the work being done.

Finally, William Benedict gave diplomatic vent to feelings that must have been shared by some of his more reticent colleagues. "I hesitate," he wrote Dr Wherry in the summer of 1941, "to make remarks regarding the value of research work sponsored in the past by 'research grants' by the Council. I don't wish to be impolite or to offend anyone."² Mentioning the "considerable uncertainty as to the value of proposed research for which the Academy may be asked to provide funds,"² Dr Benedict proposed a change in research policy.

His plan, adopted without a question murmured, called for awards for completed research in the form of cash and publication of the research reports in the *TRANSACTIONS* or as a supplement to the *TRANSACTIONS*.^{2,3(p36)} As well as replacing conjecture on proposed projects with judgment on the finished product, the nub

of his plan was to open the awards to anyone who might have done work of interest to ophthalmologists and otolaryngologists and to benefit members by published distribution of material that was both valuable and perhaps too long and technical to be suitable for current journals.

In effect, the Research Fund became much more educational in nature and was so renamed the Educational Fund in 1950.

A more subtle and possibly premeditated effect of Dr Benedict's plan was to eliminate the obligatory yearly parceling out of research funds in favor of a more judicious, and also more parsimonious, application of funds only if a project of merit came along. When asked by Bill Wherry to prepare a news item for other journals announcing the Academy's changed research policy, Dr Benedict complained he "had not thought to spread the word so promiscuously."⁴ In fact, for most of the next 19 years, yearly disbursements from the Research Fund fell considerably below yearly income.

Under the arrangement, the Board of Editors recommended research reports they believed merited publication, and the Council's Committee on Research and Finance had power of final approval and also the option of bestowing a cash award not to exceed \$1,000. Reports were published as supplements to the *TRANSACTIONS* until 1952 when the Academy complied with requests from other organizations that all educational material be incorporated in the journal.

As it happened, published supplements supported by the fund usually recorded the work or scientific meetings of Academy committees or of organizations closely allied with the Academy. Such was not entirely a matter of keeping it in the family. Committee activities represented by far the Academy's largest contribution to the research-development aspect of specialty medicine, whether it was to standard-

ize instruments, to investigate procedures or therapy, to tackle a virgin subject such as the effect of noise on hearing, or merely to electrify research and development in a subspecialty area (see Appendix 2, "Digest of Committee Work").

While the Research Fund saw brisk activity during the 1930s, the buying and selling were about equivalent, and the fund was held to a no-growth period. Investments, limited to safe stocks and state, government, and municipal bonds, weathered the Depression well, with a shrinkage in market value that was less than average for trust holdings.

The practice of slating \$5 from each member's dues to the fund was discontinued in the early 1940s, but with Academy surplus funds invested in it, the portfolio of investments grew by \$135,000 during the decade and by another \$107,000 in the 1950s. Investments registered a tidy \$372,674.46 when they were put into the Educational Trust Fund established in August 1960. That figure would more than double by the end of the decade.

Once again the purpose of the fund, or at least its usage, was redefined. Authority for disbursements was vested in an Educational Trust Disbursement Committee, consisting of the Academy's president, president-elect, and executive secretary-treasurer, and the original policy that expenditures should not exceed income remained intact.*

The trust was to be used to promote advanced study and the training of teachers in the basic sciences relative to ophthalmology and otolaryngology and to encourage professional education and scientific research.^{5(p821)}

Translated materially, the trust income went in support of fellowships in pathology, a con-

sultant in ophthalmic pathology at the AFIP, yearly awards for research in otolaryngology, and a one-time grant (in 1970) to help launch the Stanford Basic Science Course in Ophthalmology.

To further funding of the new trust, the Academy tacked onto a group life insurance policy the stipulation that \$2,000 had to be beneficiaried to the Educational Fund (later this was made an option rather than a requirement). In 1965, \$100,000 was transferred from the Academy's general fund to the principal of the Educational Fund.^{7(p82)} Despite the fund's growth, and perhaps in the enthusiasm for good works, the Disbursement Committee approved grants that matched and exceeded the income from the securities held in trust.

A record \$35,000 in grants was approved for 1966. The following year William Benedict exercised a privilege given the executive secretary-treasurer to transfer general funds to the Trust Fund. Dr Benedict had previously set aside \$100,000 in certificates of deposit as a hedge against a possible future income tax assessment, which did materialize but was successfully contested by the Academy. This money was put into the Educational Trust Fund, and grants from the fund went into a steady decline.^{8(p271)}

The Disbursement Committee recommended no grants for pathology fellowships in 1969 to help recoup from the previous overcommitment, and by 1970, the tide of opinion was running in favor of expending the money to benefit the entire membership rather than individuals. In keeping with this philosophy, President-Elect A. Edward Maumenee suggested that the Committee on Research in Otolaryngology also find a substitute for the yearly cash awards that came out of trust funds.^{9(p158)}

While the Council contemplated achieving the fund's stated purpose in a manner ser-

*References 5(pp821-822), 6(pp897-898).

viceable to the greater membership, the Academy found itself at odds with the Internal Revenue Service over the description and classification of the fund. To reconcile any discrepancies and eliminate future complications, the trust agreement was amended in December 1971.¹⁰ Under the amended agreement, net income from the trust was to be contributed to the Academy, and the initial contribution of \$82,000 in 1972 represented the income accruing as grants declined.

Further contributions averaged \$35,000 a year, divided on the 60:40 (ophthalmology:otolaryngology) basis determined for all

funds, and the money was used for continuing education in the basic sciences.

The Educational Trust Fund would soon become a large concern in considering alternative means of dividing the Academy on a specialty basis (see chapter 32, "Which Is Better—One or Two?"). In 1977, with incorporation of the Academy pending, and the probability of separate societies almost assured, the fund was dissolved, and the aggregate assets collected over 56 years—and valued at \$753,657—were contributed to the Academy May 23, 1977. Investments with a market value of \$703,377 were divided equally between the specialties.