AMERICAN
PSYCHOLOGICAL
ASSOCIATION

December 18, 2009

The Honorable Charles E. Grassley
Ranking Member
Committee on Finance
United States Senate
Washington, DC 20510

Dear Senator Grassley:

I am writing in response to your letter of December 7, 2009, which requested information about funding that the American Psychological Association (APA) has received from pharmaceutical companies, medical device companies, foundations established by these companies or the insurance industry over the last four years. You also inquired about our association policies related to receipt of such funding and the disclosure requirements of our top executives and board members. As described below, APA is committed to transparency regarding the acceptance of any gifts, grants or contributions that could raise the potential for a conflict of interest, whether such grants are from pharmaceutical companies, medical device companies, foundations established by these companies, the insurance industry or any other organization regardless of its industry.

For background purposes, APA has an annual budget in the range of $114,000,000. Historically, gifts, grants and contributions from pharmaceutical companies, medical device companies, foundations established by these companies or the insurance industry have been a very small fraction of APA's annual revenues. As the attached chart shows, from January 2006 to the present, the total combined gifts, grants and contributions received by APA from pharmaceutical companies, medical device companies, foundations established by these companies, or the insurance industry for any given year ranges from $150,000 to $250,000. This equates to only 0.2 percent of our annual budget. It is also important to note that in only one of these years (2007) did we receive any funding at all from pharmaceutical companies and that was in the amount of $6,000 (0.006 percent of our budget). In addition to representing only a small fraction of total revenues, and as described below, APA's commitment to transparency regarding all funding and our existing policies regarding potential conflicts of interest assure the ongoing integrity of our mission as a 501(c)(3) organization.

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The responses to the specific questions that you raised in your letter are as follows:

1) *Please describe the policies for accepting industry funding and whether or not APA allows companies to place restrictions or provide guidance on how funding will be spent.*

As noted, APA does not receive significant corporate funding. The vast majority of APA's revenue is derived from activities that substantially further our charitable purposes, such as the sales of scholarly books and journals and membership dues. Furthermore, APA's continuing education and journals programs have clear policies that require the disclosure of funding received from corporate entities.

Despite the very small amount of corporate funding APA receives, APA has studied the potential effects, real or perceived, if APA were to expand the amount of revenue from such sources. In April of 2008, our senior policy advisor provided a member of your staff with a copy of an article entitled, "Corporate funding and conflicts of interest: A primer for psychologists" by Pachter et al., which appeared in our official journal, the *American Psychologist* (December, 2007). This article was based on the work of an APA task force formed in 2003 to review APA policies, procedures and practices regarding the acceptance of funding and support from private corporations for various functions, such as research projects and continuing education programs. The task force recommended that should APA receive this type of funding, APA should set clear limits on its dealings with pharmaceutical companies and other corporate entities.

The APA Board of Directors responded to this report by directing the association's senior executive management to use the report to advise its decision-making in those cases where external funding by a pharmaceutical company or a related entity would exceed $25,000 in a calendar year and to advise its decision-making about any pharmaceutical industry funding, regardless of amount, for the annual APA convention. The Board also directed that such decisions be reported to the Board of Directors and to APA's 165-member Council of Representatives, on an annual basis.

With respect to contributions received from any company or individual, APA requires that all contributions go toward activities consistent with APA's charitable mission. Within that requirement, companies are not precluded from specifying how funding will be used. What funding APA receives from entities related to pharmaceutical companies and insurance companies has been specifically directed at defined projects that advance APA's tax exempt purposes, which include advancing psychology as a means of promoting health, education and human welfare for the general public. For example, MetLife Foundation funding has been restricted to supporting the Adults and Children Together Against Violence/Parents Raising Safe Kids Program of APA's Public Interest Directorate. Through training mental health professionals and others and through partnerships with local organizations, universities, agencies and coalitions, this research-based primary prevention program helps families, caregivers and communities create safe and nurturing environments to protect children from violence. This project advances our mission of promoting human welfare.

As noted above, APA is committed to transparency in its funding relationships as well. For example, reference to the MetLife Foundation funding is included in our annual report, which is published in the *American Psychologist*, as well as on our APA Web site and in reports about the project in the *Monitor on Psychology*, the monthly magazine sent to all of our members. MetLife also requires APA to submit quarterly reports on program activities and expenditures. Please note that information about the MetLife Foundation grant and all other grants received by APA are included in Part VIII on our IRS Form 990 (Return of Organization Exempt from Income Tax), which is available to the public upon request to APA or may be accessed directly through www.guidestar.org.

2) *If APA allows companies to place restrictions on industry funding, then please explain all restrictions and/or guidance for each transfer of value from industry. For every transfer of value with a restriction, please provide the following information: year of transfer, name of company, and restriction placed on funding.*

As noted above, APA does permit donors to restrict the use of their funds provided such restrictions further APA's charitable mission, are consistent with applicable laws for charitable organizations and do not otherwise raise potential adverse issues such as a conflict of interest. On the attached chart, for example, information is provided about the MetLife Foundation-funded program (described above), as well as about the Imprinting Awards Program, which received a total of $6,000 from two pharmaceutical companies in 2007. This latter initiative provided financial assistance to six psychological science graduate and post-doctoral students to attend the 2007 APA convention and benefit from a professional development program offered by our Committee on Animal Research and Ethics.

3) *Please explain what policies, if any that APA plans to adopt to ensure transparency of funding in order to provide a greater public trust in the independence of your organization.*

As noted above, APA receives only a tiny percentage of its funding from pharmaceutical or insurance-related entities. Because corporate funding has been so minimal over the years, no specific written policies regarding such matters have been adopted. Instead, APA established mechanisms to actively and concurrently monitor external funding in order to assure the association's independence from corporate interests. The APA Board of Directors has prophylactically adopted procedures for consideration and reporting of any pharmaceutical industry funding for APA's annual convention, as well as any funding from a pharmaceutical company or a related entity above $25,000 in a calendar year. In addition, as discussed in response to question #5 below, APA executives and governance members operate under strict conflict of interest policies and reporting requirements regarding financial interests that pose possible conflicts of interest.

4) Please explain your policies on disclosure of outside income by your top executives and board members.

APA's Association Rules set forth the conflict of interest policies that regulate the conduct of members of APA's governing body. In addition, APA requires that an individual conflict of interest disclosure statement, which among other things requires disclosure of financial interests that could pose potential conflicts, be signed each year by every member of its governing body, as well as by each of our over 500 staff members.

5) *Please provide the disclosures of outside income filed with your organizations by your top executives and board members.*

Under the terms of their employment contracts, our top executives cannot take on work for third parties beyond their work for APA without obtaining prior written permission from APA to do so. As noted above, our top executives, like all APA employees, file annual disclosure forms identifying any potential conflict of interest derived from the financial interests of themselves or their family members.

As described, members of our governing body must report financial relationships that could pose a conflict of interest for them in conducting APA business. While they are not asked to provide specific amounts of income on their conflict of interest forms, they do agree to provide any additional information requested by APA to evaluate a financial interest for potential bias and to update their form if there is a change in their circumstances that could raise a potential conflict of interest. To the extent a conflict or a potential conflict should arise, the amount of income would be taken into account in reviewing the conflict if there were any question that the governance member should be recused.

In closing, I trust that the information provided in this letter, together with the attached documentation, will provide you with useful information. Please contact Dr. Ellen Garrison, APA's Senior Policy Advisor, at (202) 336-6066 or egarrison@apa.org, if you are in need of any additional information.

Sincerely,

Norman B. Anderson, Ph.D.
Chief Executive Officer

Pharmaceutical and Insurance Industry Funding
Received by the American Psychological Association: 2006 - 2009

Year	Name of company	Amount of funding	Reason(s) for the provision of funding
2006	MetLife Foundation	$250,000	Adults and Children Together Against Violence (ACT)/ Parents Raising Safe Kids Program[1]
2007	MetLife Foundation	$175,000	ACT/Parents Raising Safe Kids Program[1]
	Sepracor, Inc.	$5000	Imprinting Awards Program[2]
	Med Associates, Inc.	$1000	Imprinting Awards Program[2]
2008	MetLife Foundation	$150,000	ACT/Parents Raising Safe Kids Program[1]
2009	MetLife Foundation	$150,000	ACT/Parents Raising Safe Kids Program[1]

[1] Support for the ACT/Parents Raising Safe Kids Program. Funded activities include: development, printing and distribution of thousands of training and educational materials; public education; organization of workshops to train professionals to disseminate the program to low-income, at-risk diverse families all over the country; organization of seminars for trained professionals; financial support for the ACT Program regional centers to coordinate the program in five regions; organization of an annual meeting of regional center directors; dissemination of a parenting program to community health centers; and consultant fee for Web site maintenance.

[2] Funds for the Imprinting Award Program were used to support six advanced graduate and post-doctoral students who conduct animal research to attend the 2007 APA Convention in San Francisco and to participate in the mentoring and professional development program offered by the APA Committee on Animal Research and Ethics. These award winners received assistance with travel, registration and hotel accommodations.