



NATIONAL ENDOWMENT FOR THE

**Humanities**

**([www.neh.gov](http://www.neh.gov))**

**PERFORMANCE & ACCOUNTABILITY REPORT**

**FISCAL YEAR 2010**



**NATIONAL ENDOWMENT FOR THE HUMANITIES**

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NATIONAL  
ENDOWMENT  
FOR THE  
HUMANITIES

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## A Message from the Chairman of the National Endowment for the Humanities

I am pleased to present the Performance and Accountability Report for the National Endowment for the Humanities (NEH) for fiscal year 2010. The report sets forth the agency's goals and objectives and highlights our related accomplishments for the fiscal year just concluded. Also included in the report is information on the Endowment's finances and operations during the year.

NEH is an independent federal agency that was created by an act of Congress in 1965. The Endowment's overarching goal is to advance knowledge and understanding in the humanities in the United States. We are also committed to broadening awareness of, access to, and participation in the humanities. We do this by encouraging and supporting the best scholarship, education, and public programming in the humanities.

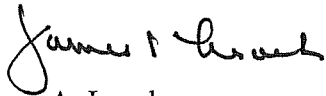
Some of our notable accomplishments this past year include:

- We launched a special initiative called *Bridging Cultures* to help Americans gain a deeper understanding of our heritage as well as the history and culture of other nations. NEH awarded grants for eight pilot projects at cultural and educational institutions around the country that will bring together scholars and members of the public in discussions of two pressing national concerns—the role of civility in democracy and a deeper understanding of the Muslim world. Beginning in the spring of 2011, these grantees will host regional forums designed to share with members of the public the best of recent humanities research on these topics. Participants will also collaborate with educators and members of state humanities councils to produce materials such as books, videos, exhibitions, and other public programming to disseminate its content to regional and national audiences.
- NEH has a statutory mandate to project “the relevance of the humanities to the current conditions of national life.” Accordingly, as head of this unique federal agency, I embarked on a 50-state civility tour to discuss the consequences of a breakdown in civility in our social and political life. Whether speaking at a university or veterans hospital, I make clear that civility is not simply or principally about manners. It doesn't mean that vigorous advocacy is to be disrespected. Indeed, spirited debate is a social good – a prerequisite to avoiding dogmatism and blocking tyranny. Nevertheless, at its core, what civility demands is that citizens address each other in a language of respect rather than hate, with an understanding that we are all connected and rely on each other. Public decision-making does not lend itself to

certitude. Everybody can learn from somebody else. That is why humility is a valued character trait and why civility is a central ingredient of a democratic society.

- NEH and the Library of Congress continued their National Digital Newspaper Program partnership in support of projects to convert microfilm of newspapers from 1836 to 1922 into fully searchable digital files and to mount the files on the Internet. To date, the NEH has supported twenty-five projects, and more than two million pages of historic American newspapers have been digitized, with millions more to follow. The selected pages, along with a directory of papers published in the United States from 1690 to the present, are publicly accessible online through the Library's *Chronicling America* website, which was recently recognized by *Family Tree Magazine* as one of the "Best U.S. Government Sites."
- The Endowment's work in FY 2010 was complemented by the programs and projects in the state humanities councils, which are independent nonprofit organizations in each of the fifty states and in the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, the commonwealth of the Northern Marianas, and American Samoa. With their strong networks of cultural and educational institutions, the councils ensure that funds received through NEH, and the programs they support, reach citizens in every state and territory. The councils support reading and discussion programs for children and families; state and local book festivals; educational institutes for elementary and secondary school teachers; scholarship on state and local history; Chautauqua-style historical performances; radio and film projects on humanities themes; and special initiatives designed to bring humanities programming to patients at veterans hospitals throughout the country.
- Fiscal year 2010 was the fourth year of grants under the Endowment's path-breaking, digital humanities program, which encourages and supports projects that utilize or study the impact of digital technology on research, education, preservation, and public programming in the humanities. Technology is having an enormous impact on how scholarly materials are preserved and accessed, on the ways in which educators acquire information and communicate it to their students, and on the methods of conveying the humanities to the American public. Digital technologies are also helping spur new and exciting cross-disciplinary approaches to humanities scholarship.
- In an effort to increase the transparency of our operations, the Endowment developed and posted on our homepage a description of the work of each of our program divisions and offices. This material consists of a brief explanation of the work of the division or office, a "by the numbers" overview of program outcomes, and examples of notable recent grants. Prospective applicants will be well served by this rich trove of information about our grant-making programs.

The financial and performance data contained in this report are, to the best of my knowledge, reliable and complete. I can also state that the National Endowment for the Humanities is in compliance with the requirements of the Federal Managers' Financial Integrity Act of 1982. There are no material internal control weaknesses to report.

A handwritten signature in black ink that reads "James A. Leach". The signature is written in a cursive style with a large initial "J" and "L".

James A. Leach





**NATIONAL ENDOWMENT FOR THE HUMANITIES**  
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**PERFORMANCE AND ACCOUNTABILITY REPORT**  
**Fiscal Year 2010**

**I. MANAGEMENT’S DISCUSSION AND ANALYSIS**

Mission Statement and Organizational Structure

*Because democracy demands wisdom, the National Endowment for the Humanities serves and strengthens our Republic by promoting excellence in the humanities and conveying the lessons of history to all Americans. The Endowment accomplishes this mission by providing grants for high-quality humanities projects in four funding areas: preserving and providing access to cultural resources, education, research, and public programs.*

—NEH Mission Statement

In the 1965 legislation that established the National Endowment for the Humanities (NEH), the Congress of the United States declared that "encouragement and support of national progress . . . in the humanities . . . , while primarily a matter of private and local initiative, is also an appropriate matter of concern to the Federal Government." Acknowledging the federal government's interest in "promoting progress in the humanities," the 89th Congress expressed this interest in a single, powerful observation: "Democracy demands wisdom and vision in its citizens." The agency’s authorizing legislation also encourages the Endowment to, among other things, promote “understanding of the nation’s rich cultural heritage,” foster “a mutual respect for the diverse beliefs and values of all persons and groups, and “relate the humanities to the current conditions of national life."

The Endowment helps Americans develop "wisdom and vision" by supporting humanities projects and programs that expand knowledge of history, thought, and culture. NEH awards grants to the nation’s museums, archives, libraries, colleges, universities, and public television and radio stations, as well as other educational and cultural institutions. The agency also provides grants to individuals to undertake advanced research and scholarship in the humanities.

NEH is directed by a Chairman, who is appointed by the President of the United States and confirmed by the U.S. Senate for a term of four years. The current Chairman is James A. Leach. Before coming to the agency in 2009, Mr. Leach served for thirty years as a member of the U.S. House of Representatives, where he also co-founded and co-chaired the Congressional Humanities Caucus. Advising the NEH Chairman is the National Council on the Humanities, a board of 26 distinguished private citizens who are

also appointed by the President and confirmed by the Senate. National Council members serve staggered six-year terms.

The agency's grant programs are organized into four divisions (Education Programs, Preservation and Access, Public Programs, and Research Programs) and three offices (Federal/State Partnership, Digital Humanities, and Challenge Grants). Complementing these divisions and offices is an agency-wide special initiative—called *We the People*—that encourages and supports projects on the teaching, study, and understanding of American history and culture. In FY 2010, NEH also launched a new special initiative, *Bridging Cultures*, to encourage humanities projects that illuminate the connections and commonalities in the human experience across diverse cultures and subcultures within America's borders and around the globe.

NEH's grant programs receive approximately 5,000 applications annually. These applications are evaluated by knowledgeable persons outside NEH who are asked for their judgments about the quality and significance of the proposed project. More than 950 scholars, teachers, librarians and archivists, museum curators, documentary filmmakers, and other humanities professionals and experts serve on the 214 panels that were convened in 2010. Panelists represent a diversity of disciplinary, institutional, regional, and cultural backgrounds. NEH staff assembles panelists' evaluations of the merits of grant applications and comment on matters of fact or significant issues that would otherwise be missing from the review. The materials are then presented to the National Council on the Humanities, which meets quarterly to advise the Chairman of NEH. The Chairman takes into account all of the advice provided via the review process and, by law, is authorized to make the final decision about funding.

More than 1,200 humanities projects received funding from NEH in fiscal year 2010. Another 4,000 awards were made through the agency's cooperative agreement with the American Library Association in support of NEH's *We the People Bookshelf* program, through which public and school libraries receive sets of classic works of literature that convey important themes from American history and culture.

### Highlights of Important Performance Goals and Results

NEH works to fulfill its legislated mission through the pursuit of two broad strategic goals—to advance knowledge and understanding in the humanities in the United States and to broaden public awareness of, access to, participation in, and support for the humanities. A third, related goal is to enhance the quality of service and efficiency of our operations.

Our primary programmatic goal—to advance knowledge and understanding in the humanities in the United States—involves the pursuit of nine separate objectives:

1. Facilitate basic research and original scholarship in the humanities.

2. Strengthen teaching and learning in the humanities in U.S. schools and higher educational institutions.
3. Preserve and increase the availability of cultural and intellectual resources essential to the American people.
4. Provide opportunities for Americans to engage in lifelong learning in the humanities.
5. Strengthen the institutional base of the humanities.
6. Maintain and strengthen partnerships with the state humanities councils.
7. Enhance the teaching, study, and understanding of the nation's history, culture, and principles.
8. Develop collaborative partnerships with individuals and institutions in support of the humanities.
9. Stimulate third-party support for humanities projects and programs.

Performance indicators are in place for each of these objectives (see the Performance Information section of this report, beginning on page 16). The indicators help NEH assess the outcomes of the humanities projects we support and the extent to which they advance the agency's long-term goals. Because FY 2010 has only just concluded, we cannot report actual outcomes related to most of our grant-making activity during the year. This is due to the fact the vast majority of projects supported in any given year will not be completed during that year. Not only are many NEH grants two- and three-year projects, the outcomes of most will not become apparent until many years after the grant has been completed—for example, fellowships and stipends awarded to scholars to conduct advanced research in the humanities typically will not result in the publication of books or articles until five or more years after the grant period has ended. The outcomes of these grants will thus need to be accounted for in future performance reports.

The Endowment is now in the process of reviewing and updating its multi-year strategic plan. Once our new plan is in place, we will realign our performance goals and indicators to conform to the revised plan. As this process is unfolding, we are concurrently planning to adapt elements of the new Research Performance Progress Report format, which was developed by a committee of the National Science and Technology Council, to help us capture performance information from grantees in NEH's grants management system. On a parallel track, we are also developing an in-house system for collecting information on the products and prizes that result from NEH grants. This system will help both the agency and the general public have a better understanding of the impact of our work.

The results of NEH grants indicate that our programs continue to be effective instruments in advancing the Endowment's goals and objectives. A notable highlight of the last several years, for example, has been the record of achievement of the agency's *We the People* special initiative. Launched in 2002, this initiative aimed to reinvigorate the teaching, study, and understanding of American history and culture.

Some of the major accomplishments of *We the People* include:

- State humanities councils in each of the fifty states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, the Commonwealth of the Northern Mariana Islands, American Samoa, and Guam have developed high quality local and statewide projects and programs on American history and culture.
- The Endowment created a Landmarks of American History and Culture grant program to support enrichment workshops for K-12 teachers and community college faculty at important historical sites around the nation. Since its inception, the program has sponsored more than 200 workshops, serving more than 14,400 school teachers and community college faculty.
- NEH and the Library of Congress forged a partnership to support a "National Digital Newspaper Program" to convert microfilm of newspapers from 1836 to 1922 into fully searchable digital files and to mount the files on the Internet. Over a period of approximately twenty years, the Endowment will provide grants to institutions and organizations in each state of the nation to digitize selected pages of historical newspapers. To date, the NEH has provided support under this grant category to twenty-five state projects, which have digitized more than two million pages. The pages, along with a directory of papers published in the United States from 1690 to the present, are now publicly accessible online through the Library's award-winning "Chronicling America" website.
- The Endowment established a special *We the People Bookshelf* program for the nation's school and public libraries. Since the program began in FY 2004, NEH and the American Library Association have distributed free sets of classic works of literature to more than 17,000 libraries nationwide, all based on themes central to the nation's history and culture.

NEH's other grant programs also continue to support important humanities projects that increase Americans' knowledge and understanding of history, thought, and culture.

Some notable accomplishments include:

- Every year, former recipients of NEH research fellowships and stipends publish significant books and journal articles on important subjects in the humanities. Many of these publications win academic, scholarly, and literary prizes, such as Pulitzer Prizes for history and biography, National Book Awards, and other awards for intellectual distinction. In 2010, for example, prestigious scholarly humanities organizations—among them the American Historical Association, the

Organization of American Historians, and the Modern Language Association—conferred 10 awards for excellence on books that were written by scholars who had held NEH fellowships or summer stipends.

- Support for the programs and operations of 56 state humanities councils made possible high quality state and local humanities projects to millions of citizens throughout the nation, including 17,700 reading and discussion programs, 4,600 exhibitions, 5,700 literacy programs, 5,800 speakers bureau presentations, 3,700 teacher institutes and workshops, 5,800 conferences and symposia, 2,300 Chautauqua events, 7,120 media program events, 660 technology projects, 700 preservation projects and 6,300 local history projects.
- Rigorous summer institutes, seminars, and workshops help thousands of school and college teachers deepen their knowledge of a broad range of important humanities subjects related to their teaching. In the summer of 2010, more than 2,800 teachers and college faculty attended NEH-supported professional development programs. In FY 2010, the Endowment also awarded grants through a special program to encourage projects to use digital technology to extend the reach, duration, and impact of their summer programs. For example, an award to the institute for school teachers on “MesoAmerican Cultures and their Histories: Spotlight on Oaxaca,” will include a three-dimensional, online Virtual Oaxaca learning environment that will reflect the rich experience of participants and provide them with a space for showcasing curricular units developed during the institute. Other project websites will be expanded to include podcasts and videos of project lectures and discussions.
- Historically and culturally important holdings of the nation’s libraries, archives, and museums are preserved and made accessible to scholars, students, and the public. NEH-supported projects annually preserve the intellectual content of thousands of books and periodicals and catalog and preserve hundreds of thousands of archival documents, photographs, manuscripts, and objects of archaeological, ethnographic, and historical importance.
- In 2005 NEH joined with the National Science Foundation to launch a “Documenting Endangered Languages” initiative, which was designed to support projects that create, enhance, and deepen our knowledge of the estimated 3,000 currently spoken languages that are threatened with extinction in the near future. NEH grants are provided for projects to record, document, and archive information relating to these languages, including the preparation of dictionaries, lexicons, and databases. NEH has awarded 71 grants to date totaling \$6,470,000. Scholars engaged in these projects are helping to record and preserve languages before they become extinct.
- NEH-supported projects annually produce award-winning television and radio documentaries, intellectually engaging exhibitions in museums and historical organizations, and reading and discussion programs in the nation’s libraries that

provide rich opportunities for Americans to engage in lifelong learning in the humanities. For example, *Into the Deep: America, Whaling and the World* has been nominated for several Emmy Awards. Broadcast on PBS's *American Experience*, the two-hour documentary explores the history of American whaling industry from its seventeenth century origins through the golden age of deep ocean whaling, and on to its demise in the decades following the American Civil War. Similarly, *Jerome Robbins: Something to Dance About*, a documentary about the American dancer and choreographer, premiered on PBS's *American Masters* series in 2009 and was nominated for two Primetime Emmy Awards in 2009 and a prestigious Peabody Award in 2010.

- The agency continues to be an effective agent for leveraging non-federal support for humanities projects and institutions. Through our Challenge Grants program and Treasury matching funds authority, NEH-supported projects annually receive nearly \$40 million in donations.

The Endowment continually assesses and revises its mix of programs and grant categories to address changing needs and opportunities in the humanities. For example, several years ago, the agency established a new, Endowment-wide effort to help facilitate the use of digital technologies in the ways the humanities are researched, taught, studied, and presented throughout the nation. This focused effort built on the Endowment's many contributions to the digital humanities over the years and grew of the proceedings of a major conference NEH convened in the spring of 2006, which brought together some of the best minds in this field. Our efforts were also informed by the findings of a National Commission on Cyberinfrastructure for the Humanities and Social Sciences sponsored by the American Council of Learned Societies, a private nonprofit federation of 69 national scholarly organizations. Over the last four years, several new digital grant programs were put in place here at NEH, and more than 185 projects have received awards. A significant proportion of the grants awarded have gone to scholars who had never received NEH grants, which indicates that this focused effort has tapped an important unmet need in the humanities.

The Endowment uses a variety of methods to ensure the effectiveness of its programs and policies. Evaluators who serve in our application review system, for example, not only assess the merits of grant proposals but also help us monitor the goals and objectives of our programs. NEH also routinely collects performance information from grantees after they have concluded their projects. Grant recipients are required to submit final narrative reports, in which they are asked to provide specific information about the results of their project. This information in turn helps us to assess the impact of our grant-making efforts.

Another way the Endowment focuses on grant outcomes is by requiring grantees in some of our newer programs to submit a "white paper" at the conclusion of their projects. Currently, there are eight programs that require the submission of white papers. These reports, which are being posted on the NEH website, document the work of the projects, including "lessons learned," and help to make project outcomes more widely available to

other scholars and institutions in the humanities. We think this exercise will help us to assess the performance and impact of these programs on the field.

The Endowment also from time to time conducts surveys and commissions evaluations to gauge the effectiveness of our programs and the projects they support. For example, NEH awarded a cooperative agreement to the Council on Library and Information Resources to evaluate one of the agency's newest digital humanities programs, the "Digging into Data Challenge," which made its initial awards in FY 2009. The strategic assessment of the program and the results of the first round of project grants will help the Endowment and other funders involved in the program make informed decisions regarding the future of this grant competition. The assessment will eventually lead to a published report so that others in the field may learn from the work.

In FY 2010, NEH awarded eight *Bridging Cultures* pilot grants in support of scholarly forums on one of two topics of widespread interest: the role of civility in a democracy and the need for a deeper understanding of the Muslim world. In developing their projects, grantees were required to include in their proposal a plan to evaluate the results of the forum, including an audience survey, and to describe the tangible results expected from the proceedings. The Endowment is also planning to bring the project directors to Washington to discuss their projects, including their evaluation plans. Each subsequent new program and grant category within *Bridging Cultures* will similarly have an evaluation component.

NEH also performs occasional in-depth assessments of its programs. Recently, for example, we conducted a thorough review of our Faculty Research Awards program in the Division of Research Programs, which provided support for individual scholars at three types of institutions targeted by Presidential Executive Orders—historically black colleges and universities, institutions of higher Hispanic enrollments, and tribal colleges and universities. Our intention was to develop more flexible grant opportunities in order to better serve the needs of scholars at these institutions. As a result of this review, NEH created three distinct Awards for Faculty programs, providing expanded opportunities for faculty members at these categories of institutions. Unlike the former Faculty Research Awards program, the Awards for Faculty programs will allow for a wider variety of research efforts leading to publication, classroom use, or public programs.

#### Brief Analysis of Financial Statements

The principal financial statements have been prepared to report the financial position and results of operations of the National Endowment for the Humanities (Endowment), pursuant to the requirements of 31 U.S.C. 3515 (b). These statements are included in the "Financial Information" section of this Performance and Accountability Report.

While the statements have been prepared from the books and records of the Endowment in accordance with generally accepted accounting principles (GAAP) for Federal entities and the formats prescribed by the Office of Management and Budget, the statements are

in addition to the financial reports used to monitor and control budgetary resources which are prepared from the same books and records.

The statements should be read with the realization that the Endowment is a component of the United States Government, a sovereign entity.

The following is a brief analysis of the principal statements:

### **Balance Sheet**

On the balance sheet, the Endowment's most significant asset is the fund balance. This balance principally represents funds to be paid in future years for grants. For fiscal years, FY 2009 and FY 2010, the Endowment had a fund balance with the U.S. Treasury of \$140.3 and \$151.2 million, respectively. This increase is mostly due to a \$12.5 million increase in the Endowment's appropriation for FY 2010.

Of the \$30.1 million in total liabilities, the Endowment's most significant liability is the estimated grant liability. This liability represents an accrual for the amount of estimated unreimbursed grantee expenses, as of September 30, 2010. For fiscal years, FY 2009 and FY 2010, the Endowment had a grant liability \$22.7 million and \$25.4 million, respectively. The increase of \$2.7 million is due primarily to an increase in FY 2010 grant obligations funded from the FY 2010 appropriation.

The Endowment's net position consists primarily of an unexpended appropriation. The unexpended appropriation includes the portion of the Endowment's appropriation represented by undelivered orders and unobligated balances. As required by OMB Circular A-136, the balance sheet shows the portion of cumulative results of operations and unexpended appropriations for earmarked funds separately from all other funds on the face of the balance sheet. For fiscal years, FY 2009 and FY 2010, the Endowment had an unexpended balance of \$111.3 million and \$124.7 million, respectively. Of the \$13.4 increase, \$5 million is attributable to funding increases to each of the 56 state and territorial humanities councils.

### **Statement of Net Cost**

The net cost of operations represents the gross cost incurred by the Endowment less any exchange revenue earned from its activities. By disclosing the gross and net cost of the Endowment's programs, the statement of net cost provides information that can be related to the outputs and outcomes of the Endowment's programs and activities. For fiscal years, FY 2009 and FY 2010, the Endowment had net cost of operations of \$158.6 and \$157.8 million, respectively.

### **Statement of Changes in Net Position**

The statement of changes in net position is designed to display the components of the unexpended appropriations and cumulative results of operations separately to enable NEH stakeholders to better understand the nature of this statement. For fiscal years 2009 and 2010, the Endowment had a net position of \$111.7 and \$123.7 million,



respectively. This increase is mostly due to the FY 2010 increase in the Endowment's appropriation.

### **Statement of Budgetary Resources**

The statement of budgetary resources provides information about how budgetary resources were made available to the Endowment as well as their status at the end of the period. It is the only financial statement predominantly derived from the Endowment's budgetary general ledger in accordance with budgetary accounting rules, which are incorporated into GAAP for the Federal Government. The budgetary resources are principally from funds appropriated by the U.S. Congress. For fiscal years 2009 and 2010, the Endowment had \$165.4 and \$174.9 million in budgetary resources, respectively. The increase is also attributed to the FY 2010 increase in the Endowment's appropriation. For fiscal years 2009 and 2010, the Endowment had net outlays of \$152.2 million and \$156.5 million, respectively.

**Note:** The Statement of Financing is not required as a principal statement after fiscal year 2006. The Office of Management and Budget now requires federal agencies to report this reconciliation of the net cost of operations to the obligations incurred in the Notes to the Financial Statements. This data can be found in Note 13, "Reconciliation of Net Cost of Operations to Obligations Incurred."

### Analysis of Systems, Controls, and Legal Compliance

In accordance with the Federal Manager's Financial Integrity Act of 1982, in FY 2010 NEH conducted its required review of the agency's operations and procedures to identify possible deficiencies in management controls. This annual review enables the agency to provide reasonable assurance that it is in compliance with the requirements of the Integrity Act.

As a result of our FY 2010 review, NEH assures that its internal management controls are adequate and effective for controlling waste, fraud, abuse, and mismanagement of resources. However, the annual review did highlight the need to develop new procedures to ensure that payments to vendors and grantees are not misdirected. Those procedures were developed and implemented toward the end of the fiscal year.

In accordance with the Improper Payments Information Act (IPIA) of 2002 (PL 107-300), and OMB Circular A-136, NEH performed a risk assessment in FY 2010 on its program of grants to determine if the program was a "high risk" of making improper (erroneous) payments. After this review, NEH management was able to determine that its grant program did not meet or exceed the threshold set by the Office of Management and Budget (defined as annual erroneous payments in the program exceeding both 2.5 percent of program payments and \$10 million). Thus we concluded that our program of grants is not susceptible to significant erroneous payments under the relevant statutory and OMB guidelines.

However, to fulfill the requirements of IPIA, NEH still has the responsibility to review its program of grants to be reasonably assured that the controls in place will limit the likelihood of making improper payments, and in the process identify areas where NEH can improve payment performance. NEH will undertake such a review on a periodic basis to reassess the risks of making such payments.

#### Possible Future Effects of Existing Events and Conditions

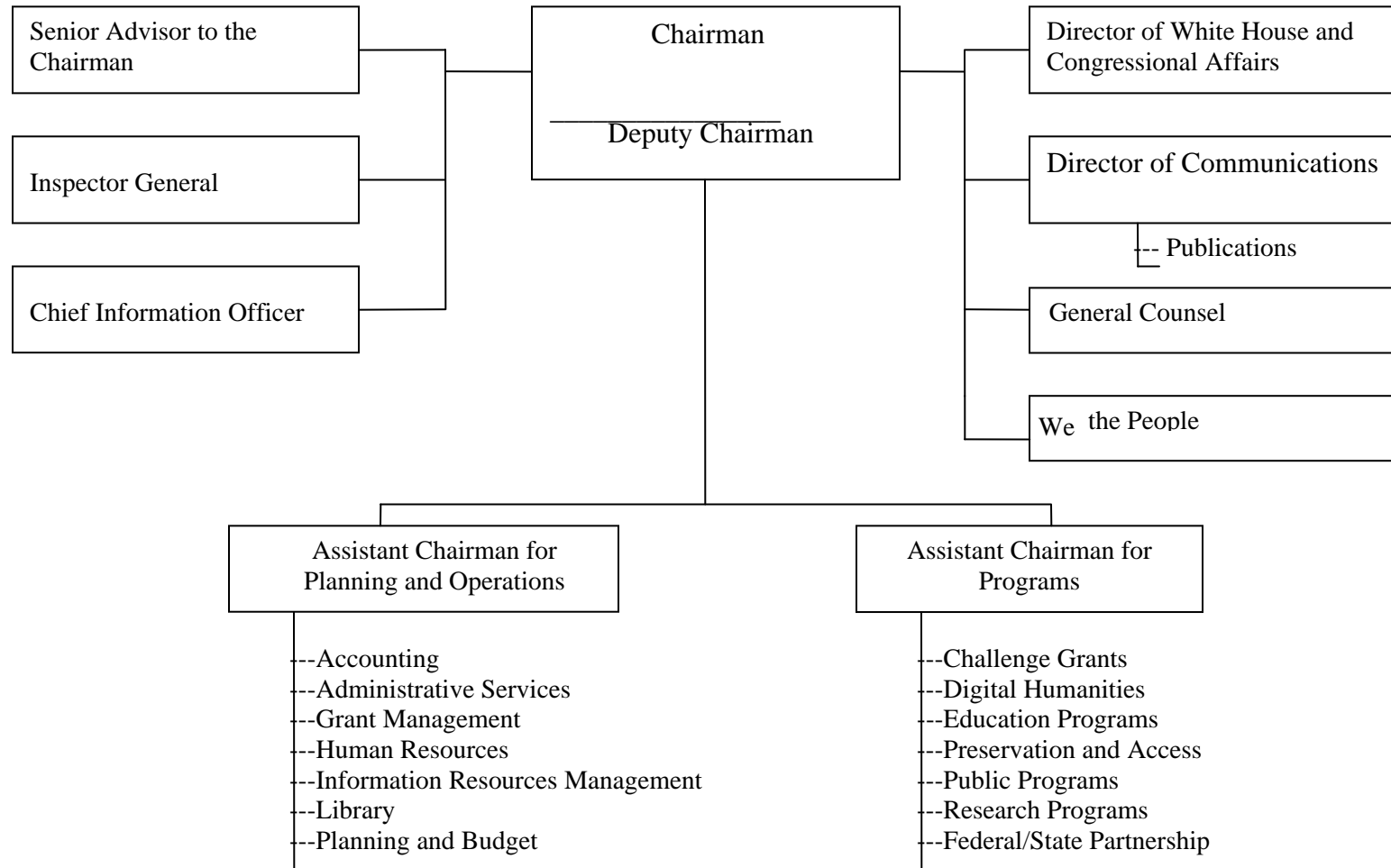
The Endowment, along with just about every other federal agency, is confronting intensifying fiscal pressures as the federal government struggles to bring revenues and expenditures into balance. For fiscal year 2011 and beyond, we will be fortunate to maintain a level budget, and we may end up with considerably less. In this fiscal context, we will need to look for cost savings wherever we can find them. For the coming fiscal year we have already decided to reduce from four to three the number of meetings of NEH's advisory board, the National Council on the Humanities. We are similarly considering savings on the program side of the agency, looking in particular at grant programs whose contribution to the betterment of the humanities may have diminished in recent years.

NEH's own fiscal challenges are mirrored by the difficulties being experienced throughout the American economy. Many of the institutions that NEH works with to bring the best of humanities scholarship and programming to the American public—including colleges and universities, libraries, museums, historical societies, and state humanities councils—are dealing with significant financial constraints associated with the current economic downturn. Whether public or private, these institutions are struggling to find the resources needed to sustain and enrich their cultural offerings. In the coming years NEH will need to be mindful of the economic challenges confronting these institutions as we seek to channel the Endowment's resources to areas where they can most productively be used.

As we have noted in recent Performance and Accountability Reports, continuing uncertainty over NEH's future in the Old Post Office (OPO) building in Washington, D.C., presents the agency with a variety of planning and budgetary challenges. In 2008, Congress enacted the "Old Post Office Building Redevelopment Act of 2008," which authorizes the General Services Administration (GSA) to provide replacement space for the federal agency tenants currently housed in the OPO, "whose relocation is necessary for the redevelopment of the Building." As a result of this legislation, GSA has instructed NEH and other OPO occupants to begin preparing for a move that could occur as early as 2012. Should GSA move forward with its plans to redevelop the building—which at this point is not a foregone conclusion—NEH will need to assure that suitable space can be acquired at a rental rate the agency can afford, while also gearing up to manage the myriad logistical details that are associated with a relocation of this scale.

Organizational Structure

# National Endowment for the Humanities







NATIONAL  
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FOR THE  
HUMANITIES

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### Management Assurances Statement

The National Endowment for the Humanities has assessed the effectiveness of the internal controls to support effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations in accordance with the Federal Managers' Financial Integrity Act of 1982 (FMFIA) Section 2 and OMB Circular A-123. Based on this assessment, the National Endowment for the Humanities can provide assurance for FY 2010 that its internal control over the effectiveness and efficiency of operations, financial reporting, and compliance with applicable laws and regulations was operating effectively and no material weaknesses were found in the design or operation of the internal controls.

The National Endowment for the Humanities conducted its assessment of whether the financial management systems conform to government-wide financial systems requirements in accordance with FMFIA Section 4 and OMB Circular A-127, *Financial Management Systems*. Based on this assessment, the National Endowment for the Humanities can provide assurance that its financial management systems are in compliance with the applicable provisions of the FMFIA Section 4 and OMB Circular A-127 for FY 2010.

A handwritten signature in black ink, appearing to read "James A. Leach".

James A. Leach



## II. PERFORMANCE INFORMATION

### FY 2010 Performance Highlights

NEH grants provide crucial incentives for scholars to explore important subjects in the humanities; colleges and universities to invest in the professional development of teachers and faculty; museums to develop educational exhibitions; archives, libraries, museums, and other repositories to preserve and increase the availability of books, periodicals, manuscripts, and other humanities resources; filmmakers to produce historical, biographical, and cultural documentaries that are grounded in excellent humanities scholarship; and state humanities councils to make cultural opportunities accessible in every community in the nation.

Among the tangible results of NEH grants awarded in FY 2010 are (or will be) the following:

- The Endowment launched a special initiative called *Bridging Cultures* to help Americans gain a deeper understanding of their own heritage as well as the history and culture of other nations. NEH awarded grants for eight pilot projects at cultural and educational institutions around the country that will bring together scholars and members of the public in discussions of two pressing national concerns—the role of civility in democracy and a deeper understanding of the Muslim world. Beginning in the spring of 2011, these grantees will host regional forums designed to share with members of the public the best of recent humanities research on these topics. Participants will also collaborate with educators and members of state humanities councils to produce materials such as books, videos, exhibitions, and other public programming to disseminate its content to regional and national audiences.
- Sponsoring or conducting a broad spectrum of cultural activities—including book programs, exhibitions, lectures, teacher workshops, and local history projects—the state humanities councils reached millions during the year and gave the humanities a local presence in every part of the United States.
- The agency's Landmarks of American History and Culture program supported week-long workshops for 1,680 school teachers that will be offered during the summer of 2011. Involving leading scholars and educators, the workshops will take place at important historical sites around the country.
- Projects supported in FY 2010 through the National Digital Newspaper Program, in partnership with the Library of Congress, are creating hundreds of thousands of digitized newspaper pages published.
- The Endowment's Office of Digital Humanities provided encouragement and support for projects that utilize or study the impact of digital technology on research, education, preservation, and public programming in the humanities. The

Endowment's new digital humanities programs foster the growth of digital humanities and support a wide variety of projects, including, for example, those that deploy digital technologies and methods to enhance our understanding of a topic or issue in the humanities; those that explore the ways in which technology changes how we read, write, think, and learn; and those that digitize important materials, thereby increasing the public's ability to search and access humanities information. During the past year, the Endowment awarded \$4.9 million for 64 projects in six digital grant categories.

- Books, journal articles, and conference presentations will be produced by nearly every one of the 227 recipients of an NEH research fellowship or stipend and the 80 scholars conducting sabbatical projects at an NEH-supported independent research center.
- The Enduring Questions program enabled individual faculty members to develop a new course at the undergraduate level to grapple with the most fundamental concerns of the humanities, and to join with their students in deep, sustained programs of reading in order to encounter influential thinkers over the centuries and into the present day.
- Crucial support was provided for the conclusion or continuation of projects to create major reference works, including *The Atlas of Historical County Boundaries*, which features a website that shows changes in the shape, location, name, organization, and attachment of each U.S. county and state from 1634 through 2000. Genealogists, geographers, historians, political scientists, attorneys, demographers, and others can find accurate county data to assist in their research.
- Eleven grants totaling \$1 million were supported through the NEH/NSF "Documenting Endangered Languages" initiative for projects to create, enhance, and deepen our knowledge of the estimated 3,000 currently spoken languages that are threatened with extinction in the near future.
- Projects for the general public begun during the year will produce high quality interpretive exhibitions in the humanities at museums and historical organizations, reading and discussion programs in libraries and other venues, the interpretation of historic sites, television and radio documentaries, and history and literary programs for families. A recently completed project, *Into the Deep: America, Whaling and the World*, has been nominated for several Emmy Awards. Broadcast on *American Experience* in May 2010, the two-hour documentary explores the history of American whaling industry from its seventeenth century origins through the golden age of deep ocean whaling, and on to its demise in the decades following the American Civil War.



- NEH Challenge Grants awarded to cultural institutions during the year began to leverage non-federal contributions for endowment building and capital investment projects that by 2013 will total nearly \$32 million.
- Digging into Data Challenge, an international collaboration that links NEH and the National Science Foundation of the United States, the Social Sciences and Humanities Research Council of Canada, and the Joint Information Systems Committee of the United Kingdom, is bringing humanities and social science scholars together with scientists and technologists to explore how vast libraries of digitized books, newspapers, art, and music can be used for advanced scholarship. NEH and the German Research Foundation are co-sponsoring the Enriching Digital Collections program, which funds major digital scholarly projects for the purposes of research, education, preservation, or public programming. As a result of one such effort, a team from the University of California, Los Angeles and the German Archaeological Institute of Cairo is creating a digital library of three-dimensional renderings of ancient Egyptian structures based on a variety of existing sources using Computer Aided Design technology.

## Fiscal Year 2010 Performance Report and Data from Three Previous Fiscal Years

### INTRODUCTION

We are pleased to present the Performance and Impact section of our Performance and Accountability Report for fiscal year 2010. The purpose of this section of the report is to compare performance levels anticipated for fiscal year 2010 in the annual NEH Performance Budget with the performance outcomes that were actually achieved during that year. Projected and actual performance data for fiscal years 2007 through 2009 are also provided. Because the goals and indicators of the NEH Performance Budget are tied directly to and closely parallel the general goals and objectives in the Endowment's multi-year strategic plan, this report will also serve as a measure of the agency's progress in achieving its long-term strategic goals.

The results projected in the NEH Performance Plan may accrue over many years. In those cases, measured outcomes of FY 2010 will be reported as partial results and revised in subsequent annual PARs. The performance indicators cited below are those embodied in the most recent version of the NEH Performance Budget and are projected from actual, rather than estimated, expenditures of appropriated funds. In what follows, projected performance indicators are shown in *italics*; measured performance outcomes in **bold**. Performance results that as of this writing remain incomplete are enclosed in parenthesis.

(Note: The volume of applications to NEH's discrete programs and grant categories typically fluctuates from year to year. In addition, because grants are awarded through a highly competitive—and necessarily contingent—application review process, the numbers of grants actually awarded during a given year (in **bold**) may differ significantly from the numbers of awards (in *italics*) projected for the year.)

### PERFORMANCE GOALS:

**A: To facilitate basic research and original scholarship in the humanities.**

### PERFORMANCE INDICATORS:

1) Support is provided that enables scholars--both those affiliated with educational institutions and those working independently--to devote a concentrated period of time to research and writing on significant subjects in all fields of the humanities.

- FY 2010: Support was provided for *222*/**227** individual scholars to make significant progress on important humanities research projects through fellowships and stipends.

- FY 2009: Support was provided for *155/154* individual scholars to make significant progress on important humanities research projects through fellowships and stipends.
- FY 2008: Support was provided for *190/168* individual scholars to make significant progress on important humanities research projects through fellowships and stipends.
- FY 2007: Support was provided for *250/251* individual scholars to make significant progress on important humanities research projects through fellowships and stipends.

2) Support is provided for collaborative research projects that develop significant intellectual advances and resources for scholars, teachers, students, and the general public.

- FY 2010: Support was provided for *52/59* important long-term collaborative projects in the humanities such as scholarly editions, translations, archaeological excavations and analyses and other complex, large-scale undertakings. In addition, *20/20* previously awarded grants received ongoing support through NEH matching funds, in part through the use of *We the People* funding.
- FY 2009: Support was provided for *52/46* important long-term collaborative projects in the humanities such as scholarly editions, translations, archaeological excavations and analyses and other complex, large-scale undertakings. In addition, *30/26* previously awarded grants received ongoing support through NEH matching funds, in part through the use of *We the People* funding.
- FY 2008: Support was provided for *39/35* important long-term collaborative projects in the humanities such as scholarly editions, translations, archaeological excavations and analyses and other complex, large-scale undertakings. In addition, *25/29* previously awarded grants received ongoing support through NEH matching funds, in part through the use of *We the People* funding.
- FY 2007: Support was provided for *52/44* important long-term collaborative projects in the humanities such as scholarly editions, translations, archaeological excavations and analyses and other complex, large-scale undertakings. In addition, *50/29* previously awarded grants received ongoing support through NEH matching funds, in part through the use of *We the People* funding.

3) Support is provided for overseas research in the humanities by American scholars and, where appropriate, encouragement offered for international collaboration in research on significant topics in the humanities.

- FY 2010: Awards to 25/25 humanities fellowship programs at independent research institutions supported the work of 80/80 humanities scholars who will make significant contributions to scholarship in the humanities.
- FY 2009: Awards to 25/25 humanities fellowship programs at independent research institutions supported the work of 77/80 humanities scholars who will make significant contributions to scholarship in the humanities.
- FY 2008: Awards to 23/22 humanities fellowship programs at independent research institutions are supporting the work of 73/75 humanities scholars who are making significant contributions to scholarship in the humanities.
- FY 2007: Awards to 25/25 humanities fellowship programs at independent research institutions are supporting the work of 80/78 humanities scholars who are making significant contributions to scholarship in the humanities.

4) Support is provided for humanities scholarship by faculty members at historically black, Hispanic-serving, and tribal colleges and universities.

- FY 2010: Support enabled 5/5 individual scholars who teach at historically black colleges and universities, at institutions with high Hispanic enrollment, and at tribal colleges and universities to make significant progress on important scholarly projects in the humanities through faculty research awards.
- FY 2009: Support enabled 2/2 individual scholars who teach at historically black colleges and universities, at institutions with high Hispanic enrollment, and at tribal colleges and universities to make significant progress on important scholarly projects in the humanities through faculty research awards.
- FY 2008: Support enabled 5/3 individual scholars who teach at historically black, Hispanic-serving, and tribal colleges and universities to make significant progress on important scholarly projects in the humanities through faculty research awards.
- FY 2007: Support enabled 6/6 individual scholars who teach at historically black, Hispanic-serving, and tribal colleges and universities to make significant progress on important scholarly projects in the humanities through faculty research awards.

## ANALYSIS:

### **Availability of data.**

The scholars who received NEH funding during FY 2010 undertook projects of varying length, from the three months of independent research and writing supported by a summer stipend to multi-year research collaborations. In the coming months and years, these projects will come to fruition in the form of journal articles, books, and scholarly editions. The annual submission of the NEH PAR will provide an excellent occasion to monitor and record the productivity of research in the humanities supported by the Endowment during the preceding three years. Increasingly, the Endowment's Grants Management System (GMS) database will facilitate the aggregation of data about products, such as books and articles that result from activities supported by specific NEH grants. At present, it links information about more than 6,000 humanities research awards in the Endowment's grant information database to bibliographic information about the approximately 4,000 published books that these projects produced between 1980 and 2010.

**FY 2010 accomplishments.** The Endowment facilitates basic research and original scholarship in the humanities primarily through programs that support the work of individual scholars; that support long-term, complex projects carried out by teams of scholars; and that support focused, individual projects that draw upon the collections and expertise of leading humanities institutions and overseas research centers.

The results of humanities research are typically communicated through books and articles, and each year NEH-supported scholars produce hundreds of such publications, many with leading trade and academic publishers. Although print continues to be the principal means of disseminating humanities scholarship, NEH grantees increasingly are making the results of their research available in electronic formats, such as interactive sites on the World Wide Web.

**[Indicator 1]** NEH Fellowships and Summer Stipends provide opportunities for individual scholars and teachers to undertake advanced research in the humanities. Since the first years of the Endowment, these awards have proven to be an extremely effective and efficient means of supporting excellent humanities research, resulting in the publication of approximately 7,200 books. Grants are awarded to a wide range of scholars in diverse settings, from colleges and universities to research institutes, and to independent scholars without teaching appointments. The Endowment has also forged a number of strategic partnerships that reinforce the impact of an NEH Fellowship. Currently, for example, the Research Programs division administers the evaluation of applications to the Library of Congress's John W. Kluge Fellows Program. This program provides stipends to junior scholars from the U.S. and abroad to conduct research in the Library's rich collections in the humanities. The Endowment also collaborates with the Japan-United States Friendship Commission to encourage American scholars' research on Japan and U.S.-Japan relations. Finally, the Endowment continues its multi-year funding partnership with the National Science Foundation in support of Documenting Endangered Languages, a program to provide NEH awards to scholars engaged in

recording and preserving key languages before they become extinct. This collaboration is made urgent by the imminent demise of an estimated half of the 6,000 to 7,000 currently used languages worldwide. In FY 2010, nine fellowships were awarded.

In FY 2010, prestigious scholarly organizations—among them the American Historical Association, the Organization of American Historians, and the Modern Language Association—conferred ten prizes for excellence on books that were written by scholars who held NEH Fellowships and Summer Stipends. The intellectual impact of NEH Fellowships and Summer Stipends is not confined to the academy. Many NEH-supported projects have been published by major trade publishers who anticipated their broad appeal, including, most recently, Megan Mullen's *Television in the Multichannel Age: A Brief History of Cable Television*, Joel Kupperman's *Six Myths about the Good Life: Thinking about What Has Value*, and Lori Ginzberg's *Elizabeth Cady Stanton: An American Life*.

**[Indicator 2]** Advanced research in the humanities increasingly requires the collaboration of many scholars working across a wide range of specialties or scholars working alongside one another in research centers and archives. The Endowment nurtures such collaborative efforts through three programs—Scholarly Editions and Translations, Collaborative Research, and Fellowship Programs at Independent Research Institutions.

Scholarly Editions grants support the preparation of important texts and documents that would otherwise be inaccessible to the public. Projects involving significant literary, philosophical, and historical materials are typical, with the majority being in U.S. history and literature. Most are produced in print editions, but increasingly also in a variety of digital formats. Recent grants have supported, for example, editions of the papers of such major historical figures as George Washington, John Adams, Dolley Madison, Abraham Lincoln, Andrew Jackson, and Thomas Edison, and such literary and cultural figures as Ralph Waldo Emerson, Virginia Woolf, William F. ("Buffalo Bill") Cody, and Mark Twain. Another scholarly edition, *The First Federal Congress Project*, is publishing the complete record of the First Federal Congress, 1789-1791, including unofficial records and primary material such as letters and diaries that document the actions, debates, and thoughts of that body and its members.

Translation projects likewise involve significant literary and historical material translated into English for English-speaking scholars and readers. Recently, for example, Professor Elizabeth Wright from the University of Georgia received support for her translation of the little-known contemporary Latin poetry describing the great naval Battle of Lepanto between Papal forces and the Ottoman Empire in 1571.

Collaborative Research grants support teams of researchers involved in a variety of large-scale domestic and international projects, including archaeological excavation and interpretation, scholarly conferences, and wide-ranging original and synthetic research that significantly adds to our understanding of historical issues and cultural concerns. Owen Doonan, associate professor of art history at California State University,

Northridge, received NEH support to survey, excavate, and analyze the Black Sea port of Sinop in modern-day Turkey, an important ancient Greek port and overland trading post. An international team of scholars will use archaeological evidence to better understand settlement patterns, interaction between cultures, and ancient trade economies. Kenneth Winkle, professor of history at the University of Nebraska, Lincoln, leads a team of scholars documenting dramatic changes in the city of Washington, D.C., during the Civil War. The city—symbolic and strategic seat of the Union war effort—became the hub of the wartime antislavery movement and the locus of federal efforts to promote emancipation and civil rights. The project website ([www.civilwardc.org](http://www.civilwardc.org)) will hold data, maps, and essays useful to scholars, students, and the general public.

**[Indicator 3]** The Fellowship Programs at Independent Research Institutions (FPIRI) supports residential fellowships offered by U.S. research centers located at home and abroad, and fellowships awarded under the auspices of U.S. organizations that facilitate international research. NEH funds partially support the costs of fellowship stipends, while the partner institution covers such costs as meals, lodging, copying and library services, computer access, and, in the case of organizations supporting international research, assistance in securing the necessary visas and research permits. Fellows at NEH-supported centers produce a wide range of published scholarship. For example, historian Glen Ames of the University of Toledo held an NEH fellowship at the American Institute of Indian Studies in Dehli to research and write *The Globe Encompassed: European Expansion and Conquest 1500-1700*. Ames argues that expansion efforts in places such as India, Indonesia, and the Americas by great European colonial powers set in motion today's experience of economic and cultural globalization. Christopher Brown of Columbia University used his fellowship at the Omohundro Institute of Early American History and Culture in Williamsburg, Virginia, to produce *Moral Capital: Foundations of British Abolitionism*. The book received the Frederick Douglass Book Prize from the Gilder Lehman Institute of American History for the best book on slavery or abolition and the James A. Rawley Prize in Atlantic History from the American Historical Association.

**[Indicator 4]** As part of the agency's efforts to extend the reach of its grant opportunities, the Endowment offers Awards for Faculty at Historically Black Colleges and Universities, Institutions with High Hispanic Enrollment, and Tribal Colleges and Universities. In FY 2009, the Endowment undertook a full review of its Faculty Research Awards program, which supported individual scholars at institutions designated by Presidential Executive Orders. As a result of this review, NEH created three Awards for Faculty programs, providing expanded opportunities for faculty members at the nation's historically black colleges and universities, institutions with high Hispanic enrollment, and tribal colleges and universities. Unlike the Faculty Research Awards program, the Awards for Faculty programs allow for a wider variety of research efforts leading to publication, classroom use, or public programs. The first Awards to Faculty will be made in early FY 2011.

**B: To strengthen teaching and learning in the humanities in schools and colleges across the nation.**

PERFORMANCE INDICATORS:

1) Teachers are provided opportunities to renew and deepen their knowledge of the humanities.

FY 2010: Support for *65/56* NEH summer seminars and institutes will enable *500/(437)* college teachers and *750/(750)* school teachers to revitalize their knowledge and teaching of the humanities. College teachers participating in seminars and institutes during the summer of 2011 will reach approximately *87,500/(76,475)* students annually; school teacher participants will reach approximately *93,750/(93,750)* students annually.

Support for *22/21* “Landmarks of American History and Culture” workshops to take place in the summer of 2011 will enable approximately *1,760/(1,680)* school teachers to revitalize their knowledge and teaching of American history, particularly as it relates to the relationship between specific sites and the episodes in history, the writers, and/or the artists associated with that location. These teachers will annually reach approximately *220,000/(210,000)* students. Through a partnership of NEH and the U.S. Department of State, selected “Landmarks” workshops will invite participation by teachers from other nations.

Support for *12/10* “Landmarks of American History and Culture for Community College Faculty” workshops to take place during the summer of 2011 will enable *600/(500)* community college teachers to reach *105,000/(87,000)* students annually with their revitalized knowledge, understanding, appreciation, and teaching of American History, particularly as it relates to the relationship between specific sites and the episodes in history, the writers, and/or the artists associated with them.

*Eighteen/18* Teaching Development Fellowships enabled recipients to pursue research aimed specifically at deepening their core knowledge in the humanities to improve their undergraduate teaching. These teachers will reach *3,150/(3,150)* students annually.

Support to *18/16* Enduring Questions award recipients enabled individual faculty members to develop a new course at the undergraduate level to grapple with the most fundamental concerns of the humanities, and to join with their students in deep, sustained programs of reading in order to encounter influential thinkers over the centuries and into the present day. These questions would include: What is the good life? What is justice? What is friendship? Is there a human nature, and, if so, what is it? These teachers will reach *3,150/(2,800)* students annually.



Support for *11/11* Picturing America School Collaboration Projects enabled approximately *1,019*/(1,019) teachers in a local area or region to attend workshops that would enhance their incorporation of Picturing America into core curriculums. These teachers will reach *127,375*/(127,375) students annually.

- FY 2009: Support for *60/51* NEH summer seminars and institutes enabled *440/406* college teachers and *725/666* school teachers to revitalize their knowledge and teaching of the humanities. College teachers who participated in seminars and institutes during the summer of 2010 will reach approximately *77,000/71,050* students annually; school teacher participants will reach approximately *90,625/83,250* students annually.

Faculty Humanities Workshops were discontinued in FY 2009 due to declining grant applications and a shift in the agency's education programming priorities.

Support for *21/22* "Landmarks of American History and Culture" workshops during the summer of 2010 enabled approximately *1,680/1,760* school teachers to revitalize their knowledge and teaching of American history, particularly as it relates to the relationship between specific sites and the episodes in history, the writers, and/or the artists associated with that location. These teachers will annually reach approximately *210,000/220,000* students. Through a partnership of NEH and the U.S. Department of State, selected "Landmarks" workshops will invite participation by approximately 15 teachers from other nations.

Support for *6/10* "Landmarks of American History and Culture for Community College Faculty" workshops during the summer of 2010 will enable *300/500* community college teachers to reach *52,500/87,500* students annually with their revitalized knowledge, understanding, appreciation, and teaching of American History, particularly as it relates to the relationship between specific sites and the episodes in history, the writers, and/or the artists associated with them.

Digital Humanities Workshops, a special grant category in 2007 and 2008, was discontinued in 2009.

The inaugural competition for the Teaching Development Fellowships yielded 10 awards. These projects enabled the recipients to pursue research aimed specifically at deepening their core knowledge in the humanities to improve their undergraduate teaching. These teachers will reach 1,750 students annually.

Support to *19/19* inaugural Enduring Questions award recipients enabled individual faculty members to develop a new course at the undergraduate level to grapple with the most fundamental concerns of the humanities, and to join with their students in deep, sustained programs of reading in order to encounter influential thinkers over the centuries and into the present day. These questions include: What is the good life? What is justice? What is friendship? Is there a human nature, and, if so, what is it? These teachers will reach *3,325/3,325* students annually.

The inaugural competition for the Picturing America School Collaboration Projects yielded **3** awards. These workshops enabled **430** teachers to attend workshops that will enhance their incorporation of Picturing America into core curriculums. These teachers will reach approximately **53,750** students annually.

- FY 2008: Support for *52/48* NEH summer seminars and institutes enabled *520/359* college teachers and *520/601* school teachers to revitalize their knowledge and teaching of the humanities. College teachers who participated in seminars and institutes during the summer of 2009 are reaching approximately *91,000/62,825* students annually; school teacher participants reach approximately *65,000/75,125* students annually.

*Seventeen/7* Faculty Humanities Workshops enabled groups of school and/or college teachers totaling *400/191* to work together on the study of specific humanities topics or the planning and designing of new courses. These teachers are reaching approximately *50,000/23,875* students annually.

Support for *20/20* “Landmarks of American History and Culture” workshops during the summer of 2009 enabled *2,000/1,655* school teachers to revitalize their knowledge and teaching of American history, particularly as it relates to the relationship between specific sites and the episodes in history, the writers, and/or the artists associated with that location. These teachers annually reach *250,000/206,875* students. Through a partnership of NEH and the U.S. Department of State, 14 teachers from other nations participated in selected “Landmarks” workshops.

Support for *6/6* “Landmarks of American History and Culture for Community College Faculty” workshops during the summer of 2009 enabled *300/300* community college teachers to reach *52,500/52,000* students annually with their revitalized knowledge, understanding, appreciation, and teaching of American History, particularly as it relates to the relationship between specific sites and the episodes in history, the writers, and/or the artists associated with them.

*Five/2* Digital Humanities Workshops enabled groups of school teachers totaling *200/55* to work together on the study of specific humanities topics,

with an emphasis on the use and development of digital humanities resources. These teachers are reaching approximately 25,000/6,875 students annually.

- FY 2007: Support for 55/43 NEH summer seminars and institutes enabled 535/360 college teachers and 560/525 school teachers to revitalize their knowledge and teaching of the humanities. College teachers who participated in seminars and institutes during the summer of 2008 are reaching reach approximately 94,000/63,000 students annually; school teacher participants reach approximately 70,000/65,625 students annually.

Seventeen/14 Faculty Humanities Workshops enabled groups of school and/or college teachers totaling 400/336 to work together on the study of specific humanities topics or the planning and designing of new courses. These teachers are reaching approximately 50,000/42,000 students annually.

Support for 19/19 “Landmarks of American History and Culture” workshops during the summer of 2008 enabled 1,875/1,875 school teachers to revitalize their knowledge and teaching of American history, particularly as it relates to the relationship between specific sites and the episodes in history, the writers, and/or the artists associated with that location. These teachers annually reach 234,375/234,375 students. Through a partnership of NEH and the U.S. Department of State, 17 foreign visitors participated in selected “Landmarks” workshops.

A new competition, Digital Humanities Workshops, was conducted in FY 2007 through a Request for Proposals (RFP). Four/2 Digital Humanities Workshops will enable groups of school teachers totaling 152/102 to work together on the study of specific humanities topics, with an emphasis on the use and development of digital humanities resources. These teachers are reaching approximately 19,000/12,750 students annually.

2) Support is provided for humanities education programming in Historically Black, high Hispanic enrollment, and Tribal colleges and universities across the country.

- FY 2010: No Humanities Initiatives at Presidentially Designated Institutions grants were made, owing to an adjustment in the application submission deadline.
- FY 2009: The Humanities Initiatives at Presidentially Designated Institutions (a modification of the Humanities Initiatives for Faculty) provided 9/9 grants to support faculty professional development activities for improvement in humanities instruction, as well as other capacity building activities at these institutions.

- FY 2008: The Humanities Initiatives for Faculty provided 9/6 grants to support faculty professional development activities for improvement in humanities instruction.
- FY 2007: The Humanities Initiatives for Faculty would provide 15/9 grants to support faculty professional development activities for improvement in humanities instruction.

### ANALYSIS:

**Availability of data.** Because few of the above education projects supported by the Endowment during FY 2010 had concluded at the time this report was prepared, data are not yet available on the numbers of participating teachers and the numbers of students each teacher may be expected to affect annually. Most of the missing data on project outcomes will be supplied in the coming year as project personnel submit their regularly scheduled progress reports. We anticipate that we will be able to provide nearly complete data on the FY 2010 performance indicators in the FY 2011 PAR.

**FY 2010 accomplishments. [Indicator 1]** NEH Summer Seminars and Institutes have long been the nation's premier form of professional development in the humanities for elementary and secondary school teachers. NEH offers college and school teachers opportunities to pursue serious, substantive intellectual inquiry in fields such as history, foreign languages, literature, philosophy, and political science. Working with distinguished scholars, participants deepen their knowledge of the subjects they teach and explore effective ways of bringing this understanding to their students.

Summer Seminars enable fifteen school or college teachers to study for two to six weeks under the guidance of a senior scholar. The principal goal is to engage teachers in the scholarly enterprise, thus equipping them for deeper understanding of their subject areas and more effective teaching. In Summer Institutes, school or college teachers participate in an intensive program of study with teams of humanities scholars who present a broad range of perspectives on a given topic. Well suited to larger groups (as many as thirty-five school teachers or twenty-five college teachers), institutes also last from two to six weeks and are a particularly appropriate mechanism for creating foreign language immersion opportunities. NEH has recently revised the eligibility criteria for the Summer Seminars and Institutes program to create opportunities for humanities graduate students. Beginning in the summer of 2010, graduate students were eligible to participate in these summer enrichment programs. In higher education programs, two spaces in Summer Seminars and three spaces in Summer Institutes were reserved; and in school teacher programs, the same numbers were made available for graduate students who intend to pursue K-12 teaching careers.

NEH annually supports summer seminars and institutes on a wide range of topics in the humanities. During the summer of 2010, for example, the East-West Center in Honolulu, Hawaii, hosted twenty-five college and university faculty members in a five-week institute on the rich history of the Silk Roads and how these global conduits of exchange

in goods had a profound impact on Chinese cultures and societies. Princeton University held a four-week seminar for sixteen participants on the relationship between philosophy, science, politics, and religion in the work of three major thinkers--Descartes, Galileo, and Hobbes.

In FY 2010, the Endowment inaugurated a competition for supplemental support of up to \$10,000 for 2010 Seminar and Institute project directors to extend the reach, duration, and impact of their summer programs through digital means. Twelve projects received support. One project extension, awarded to the institute for school teachers on “MesoAmerica Cultures and their Histories: Spotlight on Oaxaca,” will include a three-dimensional, online Virtual Oaxaca learning environment that will reflect the rich experience of participants and provide them with a space for showcasing curricular units developed during the institute.

In FY 2010, as part of the Endowment-wide *We the People* program, Landmarks of American History and Culture grants supported summer workshops for K-12 and community college educators to train teaching professionals to employ historical sites as the basis for communicating central themes and issues of American history, to increase knowledge and appreciation of these sites, and to encourage staff at historical sites to develop greater capacity and scale for professional development programs. Landmarks workshops are held at or near presidential residences, colonial-era settlements, major battlefields, and presidential libraries. They are academically rigorous, involve leading scholars, and help participants develop new teaching resources.

The Endowment has forged a partnership with the United States Department of State to include a number of teachers and other humanities practitioners from other nations in selected NEH-supported Landmarks of American History and Culture workshops. In 2010, eighteen visitors from Chile, Ukraine, Russia, Egypt, Lebanon, Thailand, Turkey, Bangladesh, Brazil, Sri Lanka, China, Nepal, Nigeria, and Kenya participated in six national school teacher Landmarks projects and explored significant events and themes in American history.

Teaching Development Fellowships enable to college and university teachers to conduct research aimed specifically at deepening their core knowledge of the humanities in order to enrich their undergraduate teaching. Offered by the Education Programs division in conjunction with the NEH Research Programs division, this program is directed primarily towards course improvement rather than scholarly publication. The research undertaken as a part of a project may involve engaging with fundamental texts or sources, exploring related subjects or academic disciplines, or cultivating neglected areas of learning.

Enduring Questions Course Grants provide opportunities for higher educational institutions to design a new course for undergraduate teaching and learning that promotes engagement with fundamental issues in the humanities. The purpose of this program is to encourage faculty and students at the undergraduate level to grapple with important humanities issues and to join together in deep, sustained programs of reading in order to encounter influential thinkers over the centuries and into the present day. Enduring

Questions are questions that have more than one plausible answer, such as: What is the good life? What is justice? What is freedom?

Through Picturing America School Collaboration Projects, scholars in American art history, American history, and American studies are encouraged to develop summer seminars, institutes, and workshops for school teachers that relate to the initiative. These are providing opportunities for educators who have already received the Picturing America images to observe models for teaching American art, history, and culture and to explore the value of visual literacy for subjects in the core curriculum. As a result of grants awarded in FY 2010, 11 local and regional projects will support conferences for at least twenty-four teachers each.

[Indicator 2] Awards made in the Humanities Initiatives at Historically Black, High Hispanic Enrollment, and Tribal Colleges and Universities category may be used to enhance the humanities content of existing programs, develop new programs, or lay the foundation for more extensive endeavors in the future. The objective of this program is to extend the reach of NEH's grant opportunities to historically black colleges and universities, institutions with high Hispanic enrollments, and tribal colleges and universities. Owing to an adjustment in the application submission deadline, no Humanities Initiatives grants were made in FY 2010. Awards will resume in FY 2011, however. As a result of the most recent competition (in FY 2009), Norfolk State University received support to create "Waterways to Freedom: The Underground Railroad in Virginia," a 30-minute dramatization with a narrative script, musical score, sound and visual effects, and interactive computer programming. Drawing on the rich resources of the Virginia State Library, the Virginia Historical Society, Duke University, and the Library of Congress, and building on years of research by the project director, the digital simulation will employ gaming technologies that enable students to experience—emotionally and intellectually—historical events. City University of New York-Hostos Community College used its grant to develop an introductory course for freshmen and a capstone course for graduating seniors, on the theme "conflict and dialogue." Fort Peck Community College in Montana developed a three-part curriculum project to enhance the institution's humanities program in Assiniboine and Sioux languages, tribal histories, and literature.

**C: To preserve and increase the availability of cultural and intellectual resources essential to the American people.**

PERFORMANCE INDICATORS:

1) Support is provided to preserve and create intellectual access to humanities collections and resources. Supported activities include digitizing collections; arranging and describing archival and manuscript collections; cataloging collections of printed works, photographs, recorded sound, moving image, art, and material culture; preservation reformatting; deacidification of collections; preserving and improving access to humanities resources in "born digital" form; creating research tools and reference

works; and developing technical standards, best practices, and tools for preserving and enhancing access to humanities collections.

- FY 2010: Grants were made to *14/14* projects to begin or continue work on the preparation of dictionaries, atlases, encyclopedias, and textbases central to knowledge and understanding of the humanities.

*Twenty-five/25* projects are preserving and/or providing access to *4,650/(4,650)* hours of recorded sound and video collections; *4,387/(4,387)* linear feet of archival documents; and *693,402/(693,402)* manuscripts, broadsides, oversize volumes, and other non-print materials.

Cooperative agreements supported through the We the People program are digitizing hundreds of thousands of microfilm pages of historic newspapers.

Support was provided for *3/3* research and development projects concerned with standards and procedures.

- FY 2009: Grants were made to *9/12* projects to begin or continue work on the preparation of dictionaries, atlases, encyclopedias, and textbases central to knowledge and understanding of the humanities.

*Twenty-five/22* projects are preserving and/or providing access to *3,553/4,762* hours of recorded sound and video collections; *6,178/6,178* linear feet of archival documents; and *359,592/344,892* manuscripts, broadsides, oversize volumes, and other non-print materials.

Cooperative agreements supported through the *We the People* program are digitizing hundreds of thousands of microfilm pages of historic newspapers.

Support was provided for *4/4* research and development projects concerned with standards and procedures.

- FY 2008: Grants were made to *17/13* projects to begin or continue work on the preparation of dictionaries, atlases, encyclopedias, and textbases central to knowledge and understanding of the humanities.

*Twenty-one/14* projects preserved and/or provided access to *2,000/8,950* hours of recorded sound collections and television programming; *1,600/1,981* cubic feet of archival documents; and *200,000/815,028* manuscripts, broadsides, oversize volumes, images, and other non-print materials.

Cooperative agreements supported through the We the People program digitized hundreds of thousands of microfilm pages of historic newspapers.

Support was provided for 3/3 research and development projects concerned with standards and procedures.

- FY 2007: Grants were made to 20/17 projects to begin or continue work on the preparation of dictionaries, atlases, encyclopedias, and textbases central to knowledge and understanding of the humanities.

*Twenty/23* projects preserved and/or provided access to 2,295 /2,000 hours of recorded sound collections; 1,567/1,567 linear feet and 4,245 /4,340 cubic feet of archival documents; and 14,950/391,524 manuscripts, broadsides, oversize volumes, and other non-print materials.

*Three/0* awards supported the preservation microfilming of 11,736/0 brittle books. (In FY 2007 all brittle books projects have concluded.) *One project preserved 200,000 pages of newspapers on microfilm/Eight cooperative agreements* supported through the *We the People* program digitized hundreds of thousands of microfilm pages of historic newspapers.

Support was provided for 3/3 research and development projects concerned with standards and procedures.

2) Support is provided to train staff from the nation's cultural repositories in the appropriate procedures for preserving and enhancing access to the humanities collections for which they are responsible.

- FY 2010: *Six/10* awards were made for regional and national education programs that provide training for 13,110/(21,860) people in U.S. museums, libraries, archives, and historical organizations.
- FY 2009: *Seven/7* awards were made for regional and national education programs that will provide training for 15,300/15,300 people in U.S. museums, libraries, archives, and historical organizations.
- FY 2008: *Seven/11* awards were made for regional and national education programs that provide training for 3,800/5,000 people in U.S. museums, libraries, archives, and historical organizations.
- FY 2007: *Seven/9* awards were made for regional and national education programs that would provide training for 3,800/4,200 people in U.S. museums, libraries, archives, and historical organizations.

3) Support is provided to extend the useful life of fragile collections held by American museums, libraries, archives, historical organizations, and other cultural institutions and develop sustainable strategies for their care.



- FY 2010: Projects supported are helping *16/23* cultural institutions preserve and ensure continued access to their humanities collections institutions through preventive conservation measures. The new Sustaining Cultural Heritage Collections made its first awards in FY 2010.

4) The Endowment extends its reach to institutions across the country by providing support for basic preservation activities to small and mid-sized libraries, archives, museums, and historical organizations.

- FY 2010: Projects supported are assisting in preserving collections at *159/159* institutions in forty states, the District of Columbia, and Puerto Rico. Approximately *42/42* percent of the awards went to first-time NEH grantees.
- FY 2009: Projects supported will assist in preserving collections at *110/103* institutions in all fifty states and two U.S. Territories.
- FY 2008: Projects supported are assisting in preserving collections at *119/119* institutions in all fifty states and two U.S. Territories.
- FY 2007: Projects supported are assisting in preserving collections at *100/106* institutions in thirty-three states.

#### ANALYSIS:

**Availability of data.** Accurate data on the performance of the preservation, access, research tools, and reference works projects that received NEH support during FY 2010 will be provided by the respective project directors in their regularly scheduled progress reports. To the extent partial data on FY 2010 activities are available, they are shown in parenthesis above. We expect to be able to report more complete FY 2010 data in the FY 2011 PAR.

**FY 2010 accomplishments.** The Endowment has long supported the creation of a wide array of humanities research tools and reference works. [**Indicator 1**] Some of these resources, such as ancient language historical dictionaries and descriptive catalogs of manuscripts and rare books, serve primarily the needs of scholars. Others have been widely acclaimed for their contributions to education and lifelong learning in the humanities. Among the reference works that serve both specialist and generalist audiences are the *Dictionary of American Regional English*, which describes the rich array of regional and folk varieties of American speech, and the *History of Cartography*, a comprehensive account of the evolution of maps and map-making through history and around the world.

Humanities research tools and reference works increasingly appear in electronic form. Endowment funds have supported the development of online encyclopedias and dictionaries, as well as databases of bibliographical information, digital archives of textual and visual materials, and historical atlases. The *Atlas of Historical County*

*Boundaries*, for example, features a website that shows changes in the shape, location, name, organization, and attachment of each U.S. county and state from 1634 through 2000. Genealogists, geographers, historians, political scientists, attorneys, demographers, and others can find accurate county data to assist in their research.

The Endowment also supports the creation of tools—such as bilingual dictionaries, grammars, and text collections—to document and preserve languages. In recent years, NEH has placed particular emphasis on documenting endangered languages. Of the 6,000 to 7,000 currently spoken languages, at least 3,000 are threatened with extinction, including hundreds of American Indian languages. In 2005, NEH and the National Science Foundation established a joint, multi-year special initiative, “Documenting Endangered Languages,” to support linguistic projects that exploit digital technology. Grants support fieldwork and other activities relevant to recording, documenting, and archiving endangered languages, including the preparation of lexicons, grammars, text samples, and databases. A recent award supports the digitization of dictionaries, grammars, field notes, and other materials that document more than 100 indigenous languages of Mexico and Central America. The Endowment is also supporting the creation of a dictionary and lexical database for Potawatomi, an endangered Algonquian language spoken in the Midwestern United States.

The Endowment provides grants to projects that preserve and create intellectual access to collections that, because of their content and value as cultural artifacts, are considered highly important to the humanities. Grants support the digitization of collections to enhance their accessibility, as well as the integration of humanities materials that are geographically dispersed. The Endowment also supports the preservation reformatting and the deacidification of humanities collections; arranging and describing archival and manuscript collections; and cataloging collections of printed works, photographs, recorded sound, moving images, and other materials important for humanities research and education. For example, the University of Massachusetts, Amherst, is digitizing the papers of W.E.B. Du Bois, writer and early leader in African-American and Pan-African organizations of the first half of the 20th century.

With the advent of digital technology, there is now a means of providing full text searching of newspaper content. As part of the Endowment’s *We the People* program, a major effort is being made to digitize microfilmed pages of historically significant newspapers, rendering them searchable on a national database freely accessible via the Internet. In 2004, NEH and the Library of Congress signed a memorandum of understanding establishing a partnership to create the National Digital Newspaper Program. Over a period of approximately 20 years, the Endowment will provide grants to institutions and organizations in each state of the nation to digitize titles published between 1836 and 1922 and to prepare fully searchable files that the Library of Congress will permanently maintain on the World Wide Web. To date, the NEH has provided support under this grant category for twenty-five state projects, which have created a collection of digitized newspapers published between 1860 and 1922. The selected pages, along with title essays and a directory of papers published in the United States from 1690 to the present, are publicly accessible on-line through *Chronicling America*,

recently recognized by *Family Tree Magazine* as one of the “Best U.S. Government Sites.” Materials related to the American Civil War will soon become available on *Chronicling America*, in time for the sesquicentennial of the war.

NEH-supported research and development projects are creating tools for preserving and enhancing access to humanities materials. Research and Development grants help, for example, to devise innovative ways to protect and slow the deterioration of humanities collections through the use of sustainable preservation strategies; develop technical standards, best practices, and tools for preserving humanities materials that are "born digital"; and ensure that collections of recorded sound and moving images that represent a major part of the record of the 20th century will remain accessible to future generations.

**[Indicator 2]** Complementing the Endowment's support for preserving and establishing access to a variety of cultural resources are its grants for projects to increase the ability of the nation's libraries, archival repositories, and museums to care for their collections. NEH supports regional services that reach thousands of cultural repositories with preservation information and education. NEH also supports academic programs that train the next generation of conservators responsible for the upkeep of the nation's humanities collections and provide for their continuing professional development by offering specialized education and training programs. In addition, NEH has helped museums, libraries, archives, and historical organizations improve their ability to plan and respond to disasters.

**[Indicator 3]** In FY 2010, the Endowment's new Sustaining Cultural Heritage Collections program helps cultural repositories to implement preventive conservation measures, which may encompass managing relative humidity, temperature, light and pollutants in collection spaces; providing protective storage enclosures and systems for collections; and safeguarding collections from theft and from natural and man-made disasters. A growing body of research suggests that institutions can develop effective, energy-efficient, and environmentally sensitive preservation measures, particularly for managing the environmental conditions under which collections are stored or exhibited.

**[Indicator 4]** Smaller cultural repositories constitute the large majority of collecting institutions in the United States. These organizations often lack the resources to address the preservation needs of their collections. The Endowment's program of Preservation Assistance Grants provides small and mid-sized libraries, archives, museums, and historical organizations with grants of up to \$6,000. Funds support on-site consultation by a preservation professional, enable staff to attend preservation training workshops or other events, and help purchase preservation supplies and equipment. In the ten years since the program began, 1,353 grants have been made to institutions in all 50 states, the District of Columbia, and Puerto Rico. Nearly one-half (45%) of these Preservation Assistance Grants represent a first award from the Endowment, good evidence that this grant program effectively reaches institutions not previously served by NEH.

**D: To provide opportunities for Americans to engage in lifelong learning in the humanities.**

PERFORMANCE INDICATORS:

1) Substantive media presentations, exhibitions, reading and discussion programs, and other public projects advance public understanding of the humanities.

- FY 2010: *Twenty-nine/24* television/radio projects produced *98/(88)* broadcast hours and drew a cumulative audience of approximately *50/(35)* million people.

*Thirty-four/33* exhibitions, reading, viewing, and discussion programs, web-based programs, and other public education programs are employing various delivery mechanisms at venues across the country.

*Five/10* historic site-specific interpretations and programming are attracting over (1,000,000) people.

FY 2009: *Fourteen/18* television/radio projects are producing *54/62* broadcast hours that will draw a cumulative audience of approximately *35/39* million people.

*Twenty-one/37* exhibitions, reading, viewing, and discussion programs, web-based programs, and other public education programs are employing various delivery mechanisms at venues across the country.

*Eight/8* historic site-specific interpretations and programming are attracting over 1.5 million people.

- FY 2008: *Eight/13* television/radio projects are producing *45/52* broadcast hours and draw a cumulative audience of approximately *25/25* million people.

*Twenty-seven/31* exhibitions, site interpretations, reading and discussion programs, web-based programs, and other public education programs are being presented at *350/343* sites involving approximately *3/3* million visitors and participants.

- FY 2007: *Twenty-five/9* television/radio projects are producing *67/52* broadcast hours that will draw a cumulative audience of approximately *98/80* million people.

*Thirty-four/27* exhibitions supported are being presented at *99/70* museums, historical organizations, and other sites across the country and attracting over *7/5* million visitors.

*Sixteen/9* library reading and discussion projects and special projects supported resulted in more than *1,150/1,360* programs at approximately *260/340* sites for more than *3/3* million people.

2) High quality interpretative panel exhibitions and public programs are circulated to libraries through Small Grants to Libraries, and selected sites that receive smaller versions of NEH-funded exhibitions through the NEH on the Road cooperative agreement receive funds for additional public programming.

- FY 2010: *Sixty/28* NEH on the Road grants were made to museums, and *80/25* Small Grants to Libraries were awarded. In addition, through the We the People office, small grants for the We the People Bookshelf and the Picturing America project and for projects focusing on the Lincoln bicentennial celebration were made.
- FY 2009: *Thirty-five/33* NEH on the Road grants were made to museums, and *105/78* Small Grants to Libraries were awarded. In addition, through the *We the People* office, small grants for the *We the People* Bookshelf and the Picturing America project and for projects focusing on the Lincoln bicentennial celebration were made.
- FY 2008: *One hundred and ten/45* grants to small and mid-sized libraries are reaching tribal communities, rural, and inner-city audiences and *10/22* grants were awarded to NEH on the Road participating institutions.
- FY 2007: *Ninety-five/43* grants to small and mid-sized libraries reached tribal communities, rural, and inner-city audiences.

#### ANALYSIS:

**Availability of data.** By awarding project development funding for such varied purposes as consultation, planning, scripting, and production, the Endowment helps ensure public access to enriching humanities programs on television and in museums, libraries, and other cultural institutions. The time that elapses between an initial NEH project grant and the appearance of a completed film, exhibition, or library program may extend from six months to many years. Most of the public programs that received NEH support during FY 2010 are currently in development, and data for the associated performance indicators are not available, even in partial form. However, a more complete picture of the results of these projects will emerge cumulatively in subsequent editions of the NEH PAR. Increasingly, the Endowment's Grants Management System (GMS) database will facilitate the aggregation of data about the products, such as films and exhibitions that result from activities supported by specific NEH grants.

**FY 2010 accomplishments.** The Endowment supports activities that engage millions of Americans in the study and interpretation of significant humanities works, ideas, and events, providing opportunities for people to engage in lifelong learning in history, literature, comparative religion, philosophy, and other fields of the humanities.

**[Indicator 1]** NEH supports media projects—principally film documentaries and radio series—that explore significant figures and events in the humanities and examine the history and culture of America and other nations. Programs present fresh approaches to interpreting the humanities and provide stimulating and substantive educational opportunity for Americans of all ages. The Endowment also encourages and supports creative approaches—especially those that use new digital technologies—that expand the content and reach of television and radio programs in the humanities. To ensure that humanities themes and questions are well conceived, the agency requires that projects draw their content from humanities scholarship and use a team of scholars who are knowledgeable in the subject matter and represent diverse perspectives and approaches.

Endowment-supported media projects continue to garner national recognition and awards for excellence. For example, *Into the Deep: America, Whaling and the World* has been nominated for several Emmy Awards. Broadcast on *American Experience*, the two-hour documentary explores the history of American whaling industry from its seventeenth century origins through the golden age of deep ocean whaling, and on to its demise in the decades following the American Civil War. Similarly, *Jerome Robbins: Something to Dance About*, a documentary about the American dancer and choreographer, premiered on PBS's *American Masters* series in 2009 and was nominated for two Primetime Emmy Awards in 2009 and a prestigious Peabody Award in 2010. NEH also supported *Frederick Douglass: Pathway from Slavery to Freedom*, the pilot episode in the Young American Heroes series. Produced by Connecticut Public Broadcasting for children ages eleven to fourteen, Young American Heroes highlights extraordinary Americans in pivotal moments of eighteenth- and nineteenth-century American history.

As part of our new initiative, *Bridging Cultures*, the Endowment intends to nourish growing public curiosity about other cultures by encouraging media makers to submit projects that focus on international topics in the humanities. In FY 2010, the Endowment launched a new grant opportunity, Bridging Cultures through Film: International Topics, to provide support for documentary films that examine a critical issue in ethics, religion, or politics through an international lens; the life of a world leader, writer, or historical figure; or the history and culture of a specific region of the world.

NEH also supports radio programs that examine the lives of important individuals, significant events, notable developments in the humanities, and the critical analysis of themes or genre. Recent projects include the Peabody Award-winning *Hidden Kitchens*, which received funds for the development of 12 seven-minute radio segments, two hour-long radio specials, 12 podcasts and a website that explore life and culture through food across the world. Also, WNYC Radio received NEH support for *The Jazz Loft Project*

*Radio Series*, a series of two one-hour radio programs, 10 shorter modules and digital components on the history and culture of jazz in New York during the 1950s and 1960s.

The Endowment is a major source of support for substantive humanities projects and programs in the nation's historical and cultural institutions and organizations including museums, libraries and archives, historic sites, and community centers. These projects, all grounded in sound humanities scholarship, include exhibitions of artistic, cultural, and historical artifacts; the interpretation of American historic sites; reading and film discussion programs in the nation's libraries; traveling exhibitions; lecture series; and other lifelong learning activities. The Endowment also encourages collaborations among community libraries and museums, school systems and home schooling groups, parent-teacher organizations, television and radio stations, and literacy coalitions.

At any time, hundreds of NEH-sponsored exhibitions are on view at large and small museums and historical sites throughout the country, enabling Americans to learn more about their nation and the world through the humanities. For example, *Children of Hangzhou: Connecting with China* is an interactive, multi-lingual (including English, Mandarin, and Cantonese), traveling exhibition exploring contemporary Chinese culture. It is projected that more than 1.5 million visitors will be reached during the exhibition's entire tour from 2008 to 2011. *All the World to See: Visual Culture and the Struggle for Civil Rights* is a richly designed exhibition about the ways in which images were used to influence attitudes toward racial equality and African-American culture during the civil rights era. The exhibition reached an estimated 50,000 people during its opening at New York City's International Center for Photography. It will travel to the National Museum of African American History and Culture and then to the Center for Art, Design, and Visual Culture in Baltimore, Maryland. A curated tour of the exhibition is scheduled to air on WNET and WLIW, and a narrated tour is planned to air on NPR's *All Things Considered*.

NEH Chairman's Special Awards of up to \$1 million support projects that will increase the impact and reach of public programming in the humanities. A recent Chairman's Special Award supported *Ancient Greeks/Modern Lives: Poetry-Drama-Dialogue*, a project of the Aquila Theatre Company, Inc. that is presenting combined theater and library programs at 100 libraries and performing arts centers in 20 states. At each site, programs feature staged readings from Homer's *Odyssey* and *Ajax*, *Trojan Women* and other Classical Greek drama as well as scholarly lectures, town hall discussions, reading and discussion programs, all of which examine the connections between the classics and contemporary American life.

NEH also provides support for educational interpretation of America's historic places. For example, the Thomas Cole Site in Greene County, New York, received NEH support to interpret the American artist's studio using docent tours, a website, multimedia stations, publications, film and other programs to explore how Cole worked and to examine his contributions to American art. The site was visited by more than 13,000 people over the last year.

**[Indicator 2]** The Small Grants to Libraries program provides support for libraries and other cultural institutions to receive traveling panel exhibitions or pre-packaged reading and film discussion programs. The program helps smaller, less-experienced organizations bring strong humanities programming to their communities. For example, two organizations, the National Constitution Center and the Newberry Library, received support to develop panel exhibitions—one on Lincoln, the other on Lewis and Clark and the Indian Country. These small 1,000-square-foot exhibitions each travel to libraries throughout the nation. The selected sites also receive an array of educational and promotional materials keyed to the themes of the exhibitions, as well as training that includes presentations by scholars and curators, exhibit designers, and librarians from around the country with experience in public programming.

NEH on the Road sends scaled-down versions of major NEH-funded exhibitions to cultural organizations at sites across America. The first of these exhibitions began circulating in 2005. Currently, NEH has eight exhibitions available. The Endowment provides support to supplement the host site for these exhibitions by awarding a grant of \$1,000 for local public programming and scholarly activities. To date, NEH on the Road exhibitions have traveled to over 140 sites. One of the exhibitions currently in circulation is *The Bison: American Icon*, which centers on the history of the bison as it has figured in Plains Indian life and the development of the bison as an iconic image of America.

**E: To create new program initiatives that respond to needs and opportunities in American society.**

1) New initiatives and programs that address important concerns and opportunities in the humanities are established.

- FY 2010: Significant funding was provided through the We the People initiative to support a variety of new programmatic initiatives: 1) We the People Bookshelf grants for up to 4,000 public and school libraries; 2) “Landmarks of American History and Culture” workshops for K-12 teachers and community college faculty, several of which invite participation by teachers from other nations; 3) Picturing America, a special program that provided educational materials on key works of American art to nearly 80,000 school and public libraries; 4) public programs supported through “America’s Historic Places;” 5) additional awards through the NEH/Library of Congress National Digital Newspaper Program; 6) special NEH Challenge Grants for educational and cultural institutions working to advance knowledge of the founding principles of the United States; and 7) an Endowment-wide effort to contribute to national planning for the sesquicentennial of the Civil War in 2011-2015. Additional humanities projects supported by NEH’s other programs received *We the People* grants. The state humanities councils also received significant funding to support projects and programs related to the initiative.



- Funding was provided through a major Digital Humanities program to support projects that utilize or study the impact of digital technology on research, education, preservation, and public programming in the humanities. Digital Humanities supported a variety of new funding categories or programmatic emphases: 1) Digital Start-Up Grants to encourage innovative work at the nexus of information technology and the humanities; 2) Institutes for Advanced Topics in the Digital Humanities to encourage the sharing of best practices among humanities scholars; 3) Transatlantic Collaboration Grants supported jointly by NEH and the Higher Education Funding Council for England; 4) Bilateral Symposia and Workshops jointly supported by NEH and the German Research Foundation to encourage collaborative digital humanities projects; and 5) Digging into Data Challenge, an international collaboration among research teams in Canada, England or Wales in the United Kingdom, and the United States to explore how vast libraries of digitized books, newspapers, art, and music can be used for advanced scholarship.
- FY 2009: Significant funding was provided through *We the People* to support a variety of new programmatic initiatives: 1) *We the People* Bookshelf grants for up to 3,000 public and school libraries; 2) “Landmarks of American History and Culture” workshops for K-12 teachers and community college faculty, several of which will invite participation by teachers from other nations; 3) Picturing America, a special program that provided educational materials on key works of American art to 77,000 school and public libraries; 4) public programs supported through the new “America’s Historic Places” and “Family and Youth Programs in American History” categories; 5) additional awards through the NEH/Library of Congress National Digital Newspaper Program; 6) special NEH Challenge Grants for educational and cultural institutions working to advance knowledge of the founding principles of the United States; and 7) an Endowment-wide effort to contribute to the celebration of the Abraham Lincoln Bicentennial in 2009. Additional humanities projects supported by NEH program divisions received *We the People* grants. The state humanities councils also received significant funding to support projects and programs related to the initiative.

Funding was provided through a major Digital Humanities program to support projects that utilize or study the impact of digital technology on research, education, preservation, and public programming in the humanities. Digital Humanities supported a variety of new funding categories or programmatic emphases: 1) Digital Start-Up Grants to encourage innovative work at the nexus of information technology and the humanities; 2) Institutes for Advanced Topics in the Digital Humanities, a new program to encourage the sharing of best practices among humanities scholars; 3) Transatlantic Collaboration Grants supported jointly by NEH and the Higher Education Funding Council for England; 4) Bilateral Symposia and Workshops jointly supported by NEH and the German Research Foundation to encourage

collaborative digital humanities projects; and 5) Digging into Data Challenge, an international collaboration among research teams in Canada, England or Wales in the United Kingdom, and the United States to explore how vast libraries of digitized books, newspapers, art, and music can be used for advanced scholarship.

- FY 2008: Significant funding was provided through *We the People* to support a variety of new programmatic initiatives: 1) *We the People Bookshelf* grants for up to 3,000 public and school libraries; 2) “Landmarks of American History and Culture” workshops for K-12 teachers and community college faculty, several of which will invite participation by teachers from other nations; 3) Picturing America, a new program to provide elementary and middle schools with educational materials on key works of American art; 4) public programs supported through the “America’s Historic Places” and “Family and Youth Programs in American History” categories; 5) additional awards through the NEH/Library of Congress National Digital Newspaper Program; 6) special NEH Challenge Grants for educational and cultural institutions working to advance knowledge of the founding principles of the United States; and 7) an Endowment-wide effort to contribute to the celebration of the Abraham Lincoln Bicentennial in 2009. Additional humanities projects supported by NEH grant-making programs received *We the People* grants. The state humanities councils also received significant funding to support projects and programs related to the initiative.

Funding was provided through a new, major Digital Humanities program to support projects that utilize or study the impact of digital technology on research, education, preservation, and public programming in the humanities. Digital Humanities supported a variety of new funding categories or programmatic emphases: 1) Digital Start-Up Grants to encourage innovative work at the nexus of information technology and the humanities; 2) Digital Humanities Fellowships to encourage humanities scholars to use advanced electronic technologies and to work collaboratively with scholars in computing and other fields; and 3) Digital Humanities Workshops for the nation’s elementary and secondary school teachers to help them deepen their knowledge, understanding, and skills in using digital resources in their classrooms.

- FY 2007: Significant funding was provided through *We the People* to support a variety of new programmatic initiatives: 1) *We the People Bookshelf* grants for up to 1,000 public and school libraries; 2) “Landmarks of American History and Culture” workshops for K-12 teachers and community college faculty; 3) an effort to digitize the papers of the first four U.S. presidents; 4) a new program to provide elementary and middle schools with educational materials on key works of American art; 5) public programs supported through the “America’s Historic Places” and “Family and Youth Programs in American History” categories; 6) an effort to preserve and increase access to

the papers of former members of the United States Congress; 7) additional awards through the NEH/Library of Congress *National Digital Newspaper Program*; and 8) special NEH Challenge Grants for educational and cultural institutions working to advance knowledge of the founding principles of the United States. Additional humanities projects supported by NEH's grant-making programs received *We the People* grants. The state humanities councils also received significant funding to support projects and programs related to the initiative.

Significant funding was provided through a major, multi-year Digital Humanities Initiative (DHI) to support projects that utilize or study the impact of digital technology on research, education, preservation, and public programming in the humanities. DHI launched a variety of new funding categories or programmatic emphases: 1) Digital Start-Up Grants to encourage innovative projects involving the nexus of information technology and the humanities; 2) Digital Humanities Fellowships to encourage humanities scholars to use advanced electronic technologies and to work collaboratively with scholars in computing and other fields; and 3) Digital Humanities Workshops for the nation's elementary and secondary school teachers to help them deepen their knowledge, understanding, and skills in using digital resources in their classrooms.

- 2) Agency-wide initiatives are developed in selected humanities areas.
  - FY 2010: "Rediscovering Afghanistan," invited proposals for research, education, and public programs about Afghanistan and encouraged U.S. institutions to assist that country in its effort to preserve and document its cultural resources. Additional awards were made through the NEH/NSF "Documenting Endangered Languages" special initiative.
  - FY 2009: "Rediscovering Afghanistan," promoted research, education, and public programs about Afghanistan and encouraged U.S. institutions to assist that country in its effort to preserve and document its cultural resources. Five awards were made through the NEH/NSF "Documenting Endangered Languages" special initiative.
  - FY 2008: "Rediscovering Afghanistan" promoted research, education, and public programs about Afghanistan and encouraged U.S. institutions to assist that country in its effort to preserve and document its cultural resources. Eight awards were made through the NEH/NSF "Documenting Endangered Languages" special initiative.
  - FY 2007: "Rediscovering Afghanistan" promoted research, education, and public programs about Afghanistan and encouraged U.S. institutions to assist that country in its effort to preserve and document its cultural resources. Nine

awards were made through the NEH/NSF “Documenting Endangered Languages” special initiative.

### ANALYSIS:

**FY 2010 accomplishments.** [Indicator 1] *We the People* is a series of innovative programs aimed at inspiring the best in citizenship by reinvigorating the teaching, study, and understanding of American history and culture. *We the People* supports grants to institutions and scholars through the agency's program divisions and manages special projects sponsored by NEH.

In FY 2010, *We the People* highlights and accomplishments included the following:

- The Endowment’s *We the People Bookshelf* program, in partnership with the American Library Association, offers classic works of literature to public and school libraries. The 2010 theme, “A More Perfect Union,” invited reflection on the idea of the United States as a “union,” a “One” as well as a “Many,” and complements library programs observing the sesquicentennial of the Civil War. NEH awarded 4,000 sets of books to libraries across the nation.
- Landmarks of American History and Culture workshops for K-12 teachers and community college faculty were supported at important historical sites around the nation. The participants gain direct experience in interpreting significant historical sites, using archival and other primary historical evidence, connecting what they learn with what they teach, and developing new teaching materials for their classrooms. As a result of grants awarded in FY 2010, teachers participating in workshops during the summer of 2011 will explore such topics as “Crafting Freedom: Black Artisans, Entrepreneurs, and Abolitionists in the Antebellum Upper South,” “A Revolution in Government: Philadelphia and the Creation of the American Republic, and “The Spanish and Mexican Influences on California, 1769-1884.”
- Picturing America is helping to spark a sustained discussion of the nation's history by placing representations of iconic pieces of art in classrooms and libraries and allowing students to view them over an extended period of time. Through Picturing America School Collaboration Projects, scholars in American art history, American history, and American studies are encouraged to develop summer seminars, institutes, and workshops for school teachers that relate to the initiative. As a result of grants awarded in FY 2010, 11 local and regional projects will support conferences for at least twenty-four teachers each.
- “Interpreting America's Historic Places,” part of the *We the People* program, employed one or more historic sites to address themes and issues central to American history and culture. For example, Brooklyn Navy Yard Development Corp. received implementation funding for a long-term exhibition about the rise, decline, and

successful redevelopment of the Brooklyn Navy Yard since the 17th century and the local and national importance of its people, labor skills, and products.

- In 2005, NEH and the Library of Congress launched the National Digital Newspaper Program, a long-term partnership that is converting microfilm of U.S. newspapers from 1836 to 1922 into fully searchable digital files and mounting them on the Internet. Under this partnership, NEH awards grants for individual state projects and the Library of Congress provides technical assistance and mounts and maintains the database of digitized files on a website called *Chronicling America*. Materials related to the American Civil War will soon become available on *Chronicling America*, in time for the sesquicentennial of the war.
- The NEH Challenge Grants program offers special awards for educational and cultural institutions to strengthen their programs that advance knowledge of the founding principles and enduring themes of American democracy. For example, in FY 2010, the Benjamin Franklin House Foundation received a Challenge Grant for *London's Benjamin Franklin House: Bringing American History to Life in an International Context*. The funds leveraged by the NEH Challenge Grant will create an endowment to support interpretive program enhancements for this historic building.
- The Endowment provided a significant portion of funds appropriated for the *We the People* to the state humanities councils to help them develop local and statewide activities on American history and culture. These funds are supporting expanded Chautauqua programs, reading and discussion programs on important events and themes in the nation's history, public symposia, and teacher institutes that enable humanities teachers to be more effective instructors of important topics in American history and culture.

In FY 2010, the Endowment's Office of Digital Humanities supported a number of projects that utilize or study the impact of digital technology.

- Digital Humanities Start-Up Grants support the planning or early stages of experimental digital projects in all areas of the humanities. In FY 2010, a Start-Up grant was awarded to The City College of New York to develop a series of courses on the life of poet Walt Whitman. The students, located at four different colleges near locations where Whitman lived, will visit places where Whitman wrote his poetry, and use Web technology to interact with each other and learn how geography impacted Whitman's work.
- Institutes for Advanced Topics in the Digital Humanities encourage the sharing of best technology practices among humanities scholars. In FY 2010, The University of Southern California received support to host a four-week summer institute aimed at humanities scholars who are interested in learning to use new modes of scholarly communication. Participants will learn how to publish their work in multimedia

formats, making use, for example, of audio, video, computer simulations, and interactive maps.

- NEH and the German Research Foundation (DFG), are co-sponsoring two programs to encourage collaborative digital humanities projects between American and German institutions. The Symposia and Workshops program encourages American and German scholars to work together to exchange ideas and put plans in place for future collaborations. The Enriching Digital Collections program funds major digital scholarly projects for the purposes of research, education, preservation, or public programming.
- Digging into Data Challenge is an international collaboration that links NEH and the National Science Foundation of the United States, the Social Sciences and Humanities Research Council of Canada, and the Joint Information Systems Committee of the United Kingdom. The competition brings humanities and social science scholars together with scientists and technologists to explore how vast libraries of digitized books, newspapers, art, and music can be used for advanced scholarship.

[Indicator 2] Other agency-wide initiatives were also supported in FY 2010.

The Endowment joined with the National Science Foundation to support an agency-wide initiative on "Documenting Endangered Languages." For example, with a grant from NEH Rosemary Beam-de-Azcona from the University of California, Davis, will produce the first grammar and the publish field notes from her study of Coatec Zapotec, an Otomanguan language spoken by a few hundred speakers in seven villages in Oaxaca, Mexico.

**F: To strengthen the institutional base of the humanities.**

PERFORMANCE INDICATORS:

Support is provided for institutions to increase nonfederal contributions for their humanities activities and enhance their resources over the long term.

- FY 2010: By FY 2013, NEH Challenge Grants awarded in FY 2010 would generate more than \$32/(\$32) million in nonfederal donations to recipient institutions in support of their humanities activities.
- FY 2009: By FY 2012, NEH Challenge Grants awarded in FY 2009 will generate more than \$35/(\$33) million in nonfederal donations to recipient institutions in support of their humanities activities.

- FY 2008: By FY 2011, NEH Challenge Grants awarded in FY 2008 will generate \$32/(\$40) million in nonfederal donations to recipient institutions in support of their humanities activities.
- FY 2007: By FY 2010, NEH Challenge Grants awarded in FY 2007 will generate \$30/\$42 million in nonfederal donations to recipient institutions in support of their humanities activities.

### ANALYSIS:

**Availability of data.** By FY 2013, NEH Challenge Grants awarded in FY 2010 will have generated approximately \$32 million in nonfederal donations to recipient institutions in support of their humanities activities. Challenge Grants are designed to encourage humanities organizations to undertake a capital fund-raising campaign. Because such campaigns may require years to reach their goal, the sums above represent a snapshot of current progress toward the recipients' multi-year fund-raising goals.

**FY 2010 accomplishments.** NEH Challenge Grants help local, state, and national institutions secure their humanities resources and activities for the long term. Crucial to achieving this goal is the “multiplier effect”: Successful applicants are offered a matching grant and recipients must raise three times the amount of federal funds offered, except for Historically Black Colleges and Universities, Tribal Colleges and Universities, and two-year colleges (which must raise two times the amount of federal funds offered).

Both the NEH challenge funds and the matched nonfederal funds can be used for a variety of long-term institutional purposes. The money may be used to purchase capital equipment and upgrade technology, renovate or construct facilities, and add to library holdings or museum collections. Challenge grants can also augment or establish endowments or spend-down funds that support basic humanities needs such as staff and programming. A wide array of nonprofit organizations have taken up the NEH “challenge,” including museums, tribal centers, libraries, colleges and universities, scholarly research organizations, state humanities councils, public radio and television stations, and historical societies and historic sites.

In accord with a key element of the Endowment's strategic plan, the NEH Challenge Grants program helps strengthen humanities teaching and learning across the nation. For example, Swarthmore College received a \$600,000 challenge grant (to match \$2,400,000 in nonfederal funds) for teaching positions in Modern Standard Arabic. The college currently has substantial enrollments in Islamic and Middle Eastern Studies, and it seeks to address a national need by offering instruction in first- and second-year Arabic in a tri-college consortium with Haverford College and Bryn Mawr College. The consortium seeks to integrate language and cultural study and to encourage participation by its students in overseas residential programs. The grant will support a full-time faculty position at Swarthmore, a part-time faculty position to be shared with Haverford and Bryn Mawr, and Arabic language drill instructors.

Challenge grants applications require evidence of careful strategic planning for the long-term strength of the humanities. NEH recently offered a \$300,000 challenge grant (to match \$900,000 in nonfederal funds) to Lake County Library District in Lakeview, Oregon. As the only significant humanities entity in a county the size of some states, the Lake County Library District recognized that its new building would need to accommodate an influx of patrons currently making do with a single, cramped facility. So the library specifically designated certain areas of the library building to be used in humanities programs. The library is also finding ways to enhance the technology available to its patrons. This small, rural library will be better able to serve the citizens of the county by preparing carefully and wisely for the changing circumstances in its far-flung, thinly populated region.

NEH supports scholarly research in the humanities at a variety of types of institutions, from large universities to small colleges, from major history museums to historic sites. The Endowment recently offered a challenge grant of \$850,000 (to match \$2,550,000 in nonfederal donations) to Knox College of Galesburg, Illinois in support of its Lincoln Studies Center. Founded by two long-time members of the Knox faculty, now retired, the center has the aim of making primary Lincoln resources more available. The center is particularly known for its numerous publications and its partnership with the Library of Congress in transcribing and annotating Lincoln's personal papers for the Library's website. The offered challenge grant will endow the directorship of the center and develop a Web resource that provides access to full-text versions of significant Lincoln-related materials.

The Challenge Grants program supports long-term institutional capacity to preserve manuscripts, art works, artifacts, documents, and other collections important to our cultural heritage. The North Haven Historical Society, which serves the community on a small island off the coast of Maine, used a \$60,000 challenge grant (matched by \$180,000 in nonfederal gifts) to construct an archives building that now houses important documents and materials from the region's past. According to the project director, the challenge offer "was just the incentive the Society needed and a clear indication to our potential donors that we . . . meant to provide an archival safe haven for all that we had been given, for future acquisitions, and an enticement for community members (especially students) to explore their heritage."

An excellent example of the important role local historical societies play in providing opportunities for lifelong learning in the humanities can be seen in the challenge grant of \$575,000 awarded to Historic Cherry Hill, located in the South End of Albany, New York. The grant will provide for restoration of a 1787 wood-frame, Georgian-style farmhouse (listed on the National Register of Historic Places) and endow the Curatorial and Research Department. Home to five generations of Van Rensselaers, Cherry Hill today tells a nationally significant story through the lens of an important family in the early history of New York State and the nation. Using the site's intact family collections of 20,000 objects, 30,000 manuscripts, 7,500 textiles, 5,000 books, and 3,000 photographs, the society educates its core audience of school children, college students, family groups, tourists, and researchers.



As part of the Endowment's recent emphasis on digital technology and applications, Challenge Grants are enhancing the institutional infrastructure that makes sustained use of advanced technology possible. For example, The University of Virginia has been offered a \$750,000 NEH Challenge Grant (to match \$2,250,000 in nonfederal gifts) to support the university's highly regarded Institute for Advanced Technology in the Humanities (IATH). The challenge grant will support IATH's efforts to advance digital technology in the humanities through pioneering collaborative projects in multisensory 3D user interfaces that integrate analytical tools with texts, images, maps, and dynamic 3D representations. IATH has been the sponsor of some of the most defining projects of the digital revolution in the humanities, and scholars affiliated with IATH have been recognized for their efforts in the digital humanities as recipients of such prizes as the Richard W. Lyman Award of the National Humanities Center, E-Lincoln Awards, and the Modern Language Association Prize for a Distinguished Scholarly Edition.

As part of its *We the People* program, the Endowment in FY 2010 invited proposals in a special competition for challenge grants to strengthen programs that enhance our understanding of the nation's founding events, democratic institutions, and cultural heritage. For example, the Benjamin Franklin House Foundation received a Challenge Grant for *London's Benjamin Franklin House: Bringing American History to Life in an International Context*.

**G: To maintain and strengthen partnerships with the state humanities councils.**

PERFORMANCE INDICATORS:

Support is provided to the councils to encourage locally initiated, substantive humanities programs for the people in each state.

- FY 2010: Support for the programs and operations of 56 state humanities councils made possible high quality state and local humanities projects throughout the nation, including 17,700/(17,700) reading and discussion programs, 4,600/(4,600) exhibitions, 5,700/(5,700) literacy programs, 5,800/(5,800) speakers bureau presentations, 3,700/(3,700) teacher institutes and workshops, 5,800/(5,800) conferences and symposia, 2,300/(2,300) Chautauqua events, 7,120/(7,120) media program events, 660/(660) technology projects, 700/(700) preservation projects and 6,300/(6,300) local history projects.
- FY 2009: Support for the programs and operations of 56 state humanities councils made possible high quality state and local humanities projects throughout the nation, including 16,400/**15,886** reading and discussion programs, 4,350/**3,072** exhibitions, 5,280/**5,222** literacy programs, 5,400/**4,803** speakers bureau presentations, 3,460/**3,190** teacher institutes and workshops, 5,800/**5,638** conferences and symposia, 2,600/**2,419** Chautauqua

events, 6,660/7,088 media program events, 560/1,144 technology projects, 650/1,176 preservation projects and 5,850/5,191 local history projects.

- **FY 2008:** Support for the programs and operations of 56 state humanities councils made possible high quality state and local humanities projects throughout the nation, including 13,400/15,228 reading and discussion programs, 3,000/4,041 exhibitions, 4,500/4,897 literacy programs, 4,600/5,010 speakers bureau presentations, 3,800/3,204 teacher institutes and workshops, 4,700/5,457 conferences and symposia, 8,600/2,547 Chautauqua events, 5,900/6,168 media program events, 325/512 technology projects, 300/608 preservation projects and 5,200/5,415 local history projects.
- **FY 2007:** Support for the programs and operations of 56 state humanities councils made possible high quality state and local humanities projects throughout the nation, including 14,000/13,476 reading and discussion programs, 2,200/3,196 exhibitions, 4,000/4,580 literacy programs, 5,450/4,661 speakers bureau presentations, 2,000/3,898 teacher institutes and workshops, 4,000/4,772 conferences and symposia, 2,000/8,636 Chautauqua events, 7,000/5,985 media program events, 200/376 technology projects, 200/326 preservation projects and 5,200/5,224 local history projects.

#### ANALYSIS:

**Availability of data.** The above performance data about programmatic activities undertaken by the state humanities councils as a result of funding awarded by the Endowment in FY 2010 are preliminary. Final data will be provided by the councils via a newly instituted electronic submission system.

**FY 2010 accomplishments.** State humanities councils are nonprofit 501(c)(3) organizations governed by volunteer boards of directors. They operate in each of the fifty states as well as in the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, the Commonwealth of the Northern Mariana Islands, and Amerika Samoa. The councils were established to fulfill the requirement in the agency's enabling legislation—National Foundation on the Arts and the Humanities Act of 1965, as amended—that the Endowment support humanities programs “in each of the several states.”

State councils receive funds each year from the NEH appropriation according to a statutory formula. In accordance with the federal mandate, every NEH dollar that a council receives is matched by local contributions of cash, goods, or services. In recent years councils annually attracted nonfederal contributions well in excess of the required 1:1 match. State humanities councils may grant a portion of their funds on a competitive basis to locally initiated programs; they may also develop and carry out their own programs. In their grant making role, they act as foundations from which eligible organizations and individuals seek funding; in their program-generating role, they are

nonprofit service providers drawing on their own resources and looking to the public to support the benefits they offer.

The councils support thousands of humanities projects and programs every year that reach millions of Americans in rural areas, urban neighborhoods, and suburban communities. With funds provided through the NEH Federal/Partnership, the councils support reading and discussion programs for children, families, and the newly literate that take place in libraries and other civic places; state and local book festivals, as well as the participation of a number of councils in the annual National Book Festival sponsored by the Library of Congress's Center for the Book; educational institutes and seminars for elementary and secondary school teachers; scholarship on state and local history and culture, such as comprehensive online state encyclopedias; exhibitions at museums, libraries, and historical sites; and radio, television, and film projects on humanities themes. They carry out an increasing amount of programming and communications electronically, using websites, electronic newsletters, social networking, podcasting, and RSS feeds. A number of councils also post videos on the popular YouTube website.

In FY 2010, the state councils received NEH funding to support designated *We the People* programs focused on topics related to American history and culture. The Maryland Humanities Council and Humanities Montana, for example, are sponsoring civil discourse gatherings and working with local nonprofit organizations to provide trained facilitators to bring together diverse audiences to discuss complex civic issues of importance to their communities. Under the rubric *Democracy: Understanding and Engagement*, the California Council for the Humanities is supporting documentary film projects and complementary programming, civic engagement programs in libraries, and reading and discussion programs in veterans hospitals.

The partnership between the Endowment and the state humanities councils has also helped to ensure that NEH's recent Picturing America initiative has a broad reach. The Michigan Humanities Council created a museum partnership grant program that allowed students to visit leading museums across the state to see American art firsthand in tours tailored to complement Picturing America. It also implemented Picturing America teacher seminars. The South Carolina council used funds provided through the Endowment's *We the People* program to host two free public programs on "Picturing America: How Art Helps Us Understand America."

State humanities councils across the country make it possible for citizens to come together to address issues related to the economy, health care, demographics, energy, and our schools, through discussions informed by history and literature. Such in-depth explorations of critical and potentially divisive issues serve purposes beyond creating more thoughtful and better-informed citizens. They also increase citizen engagement in public life and bring citizens together to work toward common goals in shaping the future of their community and nation. The Virginia Foundation for the Humanities uses electronic media to initiate discussions through their "Backstory with the American History Guys" radio call-in show, which features three prominent historians providing perspective on "events happening around us every day." This program is now broadcast

by 93 public radio stations in 36 states and the District of Columbia. The Pennsylvania Humanities Council, in partnership with Pennsylvania Cable Network, is televising its popular "Commonwealth Speakers" program. For over 25 years, the Commonwealth Speakers program has reached over 100,000 Pennsylvanians. With this cable production, PHC will reach more than 3.3 million households with discussions of "arts, history, literature and the important ideas that shape our world."

Because the written word is the currency of ideas, most state humanities councils promote reading and literacy. Many councils support such family literacy programs as Motherhead, a nationally acclaimed non-profit organization that combines the teaching of literacy skills with child development and family empowerment. Prime Time Family Reading Time, developed by the Louisiana Endowment for the Humanities, provides reading, discussion, and storytelling programs for young children and their parents. Thirty-nine councils support literacy programming and all sponsor discussion programs, most of which are based on the common reading of texts.

Councils take an active role in providing K-12 teachers professional development opportunities and humanities curriculum support. The Minnesota Humanities Center offers teacher institutes that range from short half-day programs to week-long institutes led by regional and national humanities scholars. The Alabama Humanities Foundation offers both week-long and one-day teacher seminars. It is also linked with the statewide interactive resource database and the distance learning network, making professional development opportunities widely available throughout the state. The Connecticut Humanities Council offers a web-based resource center that allows users to search by grade level or topic to find lesson plans, field trips and professional development opportunities for teachers and students offered by Connecticut's museums, historical societies, and cultural organizations. The Rhode Island Council for the Humanities offers civic education mini-grants that will help teachers focus on teaching Rhode Island history and on aligning their classroom activities with their state's educational standards.

**H: To establish collaborative partnerships with individuals and institutions in support of the humanities.**

PERFORMANCE INDICATORS:

1) Partnerships are forged to leverage new resources for the humanities and expand audiences for the humanities.

- FY 2010: The Endowment developed of a number of new partnerships with other institutions and organizations, leveraging approximately \$1.1 million in new funding for humanities programs.
- FY 2009: The Endowment developed of a number of new partnerships with other institutions and organizations, leveraging approximately \$1.40 million in new funding for humanities programs.

- FY 2008: The Endowment developed a number of new partnerships with other institutions and organizations, leveraging approximately \$3.30 million in new funding for humanities programs.
  - FY 2007: The Endowment developed a number of new partnerships with other institutions and organizations, leveraging approximately \$1.88 million in new funding for humanities programs.
- 2) New programming, funding, and administrative partnerships are established with other agencies, foundations, and organizations, both public and private.

- FY 2010: NEH partnerships included the following: 1) a program of fellowships to be sponsored jointly by NEH and the Library of Congress to support humanities scholars who wish to conduct research at the Library of Congress; 2) the National Digital Newspapers Program, a multi-year collaboration with the Library of Congress to digitize and make publicly available on the World Wide Web newspapers preserved on microfilm through the United States Newspapers Program; 3) the Advanced Research Fellowships on Japan Program to be jointly sponsored by NEH and the Japan-United States Friendship Commission; 4) the interagency Save America's Treasures initiative; 5) a "Cultural Diplomacy" partnership of NEH and the U.S. Department of State that would enable teachers from other nations to participate in "Landmarks of American History and Culture" workshops; 6) EDSITEment; and 7) programmatic collaboration with the National Trust for the Humanities.
- FY 2009: NEH partnerships included the following: 1) a program of fellowships sponsored jointly by NEH and the Library of Congress to support humanities scholars who wish to conduct research at the Library of Congress; 2) the National Digital Newspapers Program, a multi-year collaboration with the Library of Congress to digitize and make publicly available on the World Wide Web newspapers already preserved on microfilm through the United States Newspapers Program; 3) the Advanced Research Fellowships on Japan Program jointly sponsored by NEH and the Japan-United States Friendship Commission; 4) the interagency Save America's Treasures initiative; 5) a "Cultural Diplomacy" partnership of NEH and the U.S. Department of State that enables teachers from other nations to participate in "Landmarks of American History and Culture" workshops; 6) EDSITEment; and 7) programmatic collaboration with the National Trust for the Humanities.
- FY 2008: NEH partnerships included the following: 1) a program of fellowships sponsored jointly by NEH and the Library of Congress to support humanities scholars who wish to conduct research at the Library of Congress; 2) the Advanced Research Fellowships on Japan Program jointly sponsored by NEH and the Japan-United States Friendship Commission (JUSFC); 3) a

“Cultural Diplomacy” partnership of NEH and the U.S. Department of State that will enable teachers from other nations to participate in “Landmarks of American History and Culture” workshops; 4) the National Digital Newspaper Program, a multi-year collaboration with the Library of Congress to digitize and make publicly available on the World Wide Web newspapers already preserved on microfilm through the United States Newspaper Program; 5) EDSITEment; 6) the interagency Save America's Treasures initiative; 7) programmatic collaboration with the National Trust for the Humanities; and 8) international collaborations to encourage global engagement in the humanities.

- FY 2007: NEH partnerships included the following: 1) a program of fellowships sponsored jointly by NEH and the Library of Congress to support humanities scholars who wish to conduct research at the Library of Congress; 2) the National Digital Newspaper Program, a multi-year collaboration with the Library of Congress to digitize and make publicly available on the World Wide Web newspapers already preserved on microfilm through the United States Newspapers Program; 3) the Advanced Research Fellowships on Japan Program jointly sponsored by NEH and the Japan-United States Friendship Commission (JUSFC); 4) the interagency Save America's Treasures initiative; 5) a “Cultural Diplomacy” partnership of NEH and the U.S. Department of State that enabled teachers from other nations to participate in “Landmarks of American History and Culture” workshops; and 6) programmatic collaboration with the National Trust for the Humanities.

#### ANALYSIS:

**FY 2010 accomplishments. [Indicator 2]** NEH has entered into formal partnership arrangements with several of its fellow agencies and with private foundations in order to collaborate on specific projects. Currently, the NEH administers the review and evaluation of applications to the Library of Congress's John W. Kluge Fellows Program, which provides stipends to junior scholars from the U.S. and abroad to conduct research in the Library's humanities collections; and, in collaboration with the Japan-United States Friendship Commission, it conducts the evaluation of applications and serves as fiscal agent for a program to encourage American scholars' research on Japan. The Endowment maintains a “Cultural Diplomacy” partnership with the U.S. Department of State that enables teachers from other nations to participate in “Landmarks of American History and Culture” workshops. In FY 2010, additional Cultural Diplomacy partnerships included planning for a jointly sponsored conference with the Humanities Department of the National Autonomous University of Mexico. As well, jointly sponsored grant competitions were conducted with the Social Sciences and Humanities Research Council of Canada, the German Research Foundation, and the Joint Information Systems Committee of the United Kingdom.

The Endowment has entered into two federal partnerships in conjunction with agency-wide initiatives. As part of the *We the People* program, NEH and the Library of

Congress recently established a partnership to create the National Digital Newspaper Program. Over a period of approximately 20 years, the Endowment will provide grants to institutions and organizations in each state of the nation to digitize titles published between 1836 and 1922 and to prepare fully searchable files that the Library of Congress would permanently maintain on the World Wide Web. In addition, the Endowment has embarked on a multi-year funding partnership with the National Science Foundation, “Documenting Endangered Languages,” which provides NEH awards to scholars engaged in developing and advancing knowledge concerning dying languages.

The Endowment has also been alert to opportunities to pool NEH and private-sector resources in ways that make the most of each. One noteworthy example of this collaboration is EDSITEment, a nationally recognized gateway for teachers seeking rich humanities resources on the Internet. Administered through the Verizon Foundation, EDSITEment (<http://edsitement.neh.gov>) now contains over 250 sites selected by peer review panels for their excellent humanities content, interactive design, and usefulness in the classroom. EDSITEment also includes 485 extensive learning units comprising rich material spanning the humanities curriculum for grades K-12. The continually expanding EDSITEment website receives approximately 400,000 site visits per month. In an international competition, EDSITEment, the Endowment’s portal website for educational materials, was selected by the American Library Association as one of the top twenty-five websites for teaching and learning in the content resources category for the year 2010; the EDSITEment staff received the award at the national meeting of the American Library Association.





### **III. FINANCIAL INFORMATION**

#### A Message from the Director of Accounting

On behalf of the National Endowment for the Humanities (Endowment), it is my pleasure to present the agency's audited financial statements for fiscal year 2010. I am happy to report that our independent auditor, Leon Sneed and Company, P.C., has rendered an unqualified opinion on these statements. The Endowment has obtained an unqualified (clean) opinion on the agency's consolidated financial statements for the sixth consecutive year indicating the Endowment's continued responsible stewardship of the taxpayer dollars to which it has been entrusted.

In FY 2010, we primarily focused on proactively monitoring and responding to changes in federal financial management policy. As a small independent federal agency, it's sometimes overwhelming to stay abreast of new or updated federal directives related to federal financial management. While these directives, such as, implementing a risk assessment process to identify erroneous payments, using a standard federal government accounting classification structure, and utilizing the new Government-wide Treasury Account Symbol Adjusted Trial Balance (GTAS) reporting system are welcomed and needed, it places a huge burden on the limited resources, both human and budgetary, of a small federal agency accounting shop. Nonetheless, we manage to successfully follow these directives to ensure full compliance with financial statement preparation and reporting, general accounting, financial transaction processing, and financial management policy.

FY 2011 will be a busy year. The Endowment plans to begin taking the necessary steps to evaluate upgrading its financial system to the next Oracle system release. We also plan to advance several initiatives pertaining to the Endowment's financial management goal of improving controls. The most significant initiative in this area is to continue the development of the accounting policies and procedures manual.

The Endowment is proud of its financial management accomplishments in FY 2010 and looks forward to maintaining its financial success in FY 2011 and beyond.

Finally, I would like to thank the accounting staff and all those who contributed to the success of this year's audit. I would also like to take this opportunity to thank our auditors, Leon Sneed and Company (in particular Pat Layfield), for their work with us this year and for the thorough and professional approach they have taken with regards to our audit.

John Gleason  
Director, Accounting Office

October 19, 2010

AUDITOR'S REPORT AND  
AGENCY FINANCIAL STATEMENTS

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**National Endowment for the Humanities**

**Audit of Financial Statements**

**As of and for the Years Ended  
September 30, 2010 and 2009**

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**Submitted By**

**Leon Snead & Company, P.C.**

*Certified Public Accountants & Management Consultants*



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Inspector General, National Endowment for the Humanities  
Chairman, National Endowment for the Humanities

### **Independent Auditor's Report**

We have audited the balance sheets of the National Endowment for the Humanities (NEH) as of September 30, 2010 and 2009, and the related statements of net cost, changes in net position, and budgetary resources (the financial statements) for the years then ended. The objective of our audits was to express an opinion on the fair presentation of those financial statements. In connection with our audit, we also considered the NEH's internal control over financial reporting and tested the NEH's compliance with certain provisions of applicable laws and regulations that could have a direct and material effect on its financial statements.

#### **SUMMARY**

As stated in our opinion on the financial statements, we found that the NEH's financial statements as of and for the years ended September 30, 2010 and 2009, are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

Our consideration of internal control would not necessarily disclose all deficiencies in internal control over financial reporting that might be material weaknesses under standards issued by the American Institute of Certified Public Accountants. Our testing of internal control identified no material weaknesses in financial reporting.

The results of our tests of compliance with certain provisions of laws and regulations disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*, issued by the Comptroller General of the United States and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements* (as amended).

The following sections discuss in more detail our opinion on the NEH's financial statements, our consideration of the NEH's internal control over financial reporting, our tests of the NEH's compliance with certain provisions of applicable laws and regulations, and management's and our responsibilities.

## **OPINION ON THE FINANCIAL STATEMENTS**

We have audited the accompanying balance sheets of the NEH as of September 30, 2010 and 2009, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position, net cost, changes in net position, and budgetary resources of the NEH as of and for the years ended September 30, 2010 and 2009, in conformity with accounting principles generally accepted in the United States of America.

The information in the Management's Discussion and Analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America or OMB Circular A-136, *Financial Reporting Requirements*. We have applied certain limited procedures, which consisted principally of inquiries of NEH management regarding the methods of measurement and presentation of the supplementary information and analysis of the information for consistency with the financial statements. However, we did not audit the information and express no opinion on it. The Performance and Accountability Report, except for Management's Discussion and Analysis, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements of the NEH as of and for the years ended September 30, 2010 and 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the NEH's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the NEH's internal control. Accordingly, we do not express an opinion on the effectiveness of the NEH's internal control.

Because of inherent limitations in internal controls, including the possibility of management override of controls, misstatements, losses, or noncompliance may nevertheless occur and not be detected. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of significant deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies,

that is less severe than a material weakness, yet important enough to merit attention by those charged with governance of the NEH.

Our consideration of internal control was for the limited purpose described in the first paragraph in this section of the report and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

## **COMPLIANCE WITH LAWS AND REGULATIONS**

The results of our tests of compliance with certain provisions of laws and regulations, as described in the Responsibilities section of this report, disclosed no instances of noncompliance with laws and regulations that are required to be reported under *Government Auditing Standards* and OMB Bulletin 07-04 (as amended).

## **RESPONSIBILITIES**

### Management Responsibilities

Management of the NEH is responsible for: (1) preparing the financial statements in conformity with generally accepted accounting principles; (2) establishing, maintaining, and assessing internal control to provide reasonable assurance that the broad control objectives of the Federal Managers Financial Integrity Act (FMFIA) are met; and (3) complying with applicable laws and regulations. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies.

### Auditor Responsibilities

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Bulletin 07-04, *Audit Requirements for Federal Financial Statements* (as amended). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes (1) examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; (2) assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In planning and performing our audit, we considered the NEH's internal control over financial reporting by obtaining an understanding of the agency's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements.

We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin 07-04 (as amended) and *Government Auditing Standards*. We did not test all internal controls relevant to operating objectives as broadly defined by FMFIA. Our procedures were not designed to provide an opinion on internal control over financial reporting. Consequently, we do not express an opinion thereon.

As required by OMB Bulletin 07-04 (as amended), with respect to internal control related to performance measures determined to be key and reported in Management's Discussion and Analysis, we made inquiries of management concerning the methods of preparing the information, including whether it was measured and presented within prescribed guidelines; changes in the methods of measurement or presentation from those used in the prior period(s) and the reasons for any such changes; and significant assumptions or interpretations underlying the measurement or presentation. We also evaluated the consistency of Management's Discussion and Analysis with management's responses to the foregoing inquiries, audited financial statements, and other audit evidence obtained during the examination of the financial statements. Our procedures were not designed to provide assurance on internal control over reported performance measures, and, accordingly, we do not provide an opinion thereon.

As part of obtaining reasonable assurance about whether the agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and significant provisions of contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain other laws and regulations specified in OMB Bulletin 07-04 (as amended). We limited our tests of compliance to these provisions and we did not test compliance with all laws and regulations applicable to the NEH. Providing an opinion on compliance with certain provisions of laws, regulations, and significant contract provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

#### **AGENCY COMMENTS AND AUDITOR EVALUATION**

In commenting on the draft of this report, the management of NEH concurred with the facts and conclusions in our report. A copy of management's response, which includes discussion of actions planned or taken to correct the reported deficiencies, accompanies this report.

## **DISTRIBUTION**

This report is intended solely for the information and use of the management, the Office of Inspector General, and others within the NEH, OMB, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

*Leon Snead & COMPANY, P.C.*  
Leon Snead & Company, P.C.  
November 8, 2010





NATIONAL  
ENDOWMENT  
FOR THE  
HUMANITIES

OFFICE OF THE CHAIRMAN

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November 5, 2010

Pat Layfield, Senior Audit Manager  
Leon Snead & Company, P.C.  
416 Hungerford Drive, Suite 400  
Rockville, MD 20850

Dear Ms. Layfield:

Thank you for the opportunity to comment on the draft of your FY 2010 audit report for the National Endowment for the Humanities. We are pleased to learn of the unqualified opinion on the NEH's financial statements. We are similarly pleased to note that there were no material weaknesses or significant deficiencies identified during the audit.

Fiscal year 2010 marks the sixth year that NEH has received an unqualified opinion. While NEH is understandably proud of the results of the audit, we recognize that the work before us remains challenging and requires us to continue to seek improvements in our operations. We will continue our work to identify areas where efficiencies can be made and internal controls improved.

We would like to express our appreciation for the hard work of the auditors during the 2010 audit. Without a collaborative effort we would not have been able to achieve the tight deadline for completing the audit.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey Thomas".

Jeffrey Thomas  
Assistant Chairman for  
Planning and Operations

cc: Sheldon Bernstein  
Laura Davis  
John Gleason



## AUDITED FINANCIAL STATEMENTS

**As of and for the Years Ended September 30, 2010 and 2009**

# NATIONAL ENDOWMENT FOR THE HUMANITIES

## BALANCE SHEET

As of September 30, 2010 and 2009

(in US Dollars)

<b>ASSETS</b>	<b>2010</b>	<b>2009</b>
<b>Intragovernmental:</b>		
Cash & balances w/ U.S. Treasury (Note 2)	\$ 151,245,965	\$ 140,310,118
Receivables and advances (Note 3)	35,384	189,123
<b>Total intragovernmental</b>	<b>151,281,349</b>	<b>140,499,241</b>
Receivables and advances (Note 3)	2,506,458	2,183,564
Property and equipment, net (Note 4)	52,969	90,990
<b>TOTAL ASSETS</b>	<b>153,840,776</b>	<b>142,773,795</b>
<b>LIABILITIES</b>		
<b>Intragovernmental:</b>		
Accounts payable and accrued expenses (Note 5)	870,438	1,091,699
<b>Total intragovernmental</b>	<b>870,438</b>	<b>1,091,699</b>
Accounts payable and accrued expenses (Note 5)	27,621,831	28,499,769
Unfunded FECA actuarial liability (Notes 5 & 8)	212,336	225,905
Unfunded annual leave (Notes 5 & 8)	1,411,682	1,281,113
<b>Total liabilities</b>	<b>30,116,287</b>	<b>31,098,486</b>
Commitments and contingencies (Note 1)		
<b>NET POSITION</b>		
Unexpended appropriations - other funds	124,745,870	111,278,198
Unexpended appropriations - earmarked funds (Note 11)	-	-
Cumulative results operations - other funds	-1,465,140	-181,759
Cumulative results operations - earmarked funds (Note 11)	443,759	578,870
<b>Total net position</b>	<b>123,724,489</b>	<b>111,675,309</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 153,840,776</b>	<b>\$ 142,773,795</b>

The accompanying notes are an integral part of these statements.

**NATIONAL ENDOWMENT FOR THE HUMANITIES**

**STATEMENT OF NET COST**

For the Years Ended September 30, 2010 and 2009

(in US Dollars)

	<u>2010</u>	<u>2009</u>
<b>PROGRAM COSTS</b> (Notes 12, 13, & 15)		
Federal/State Partnerships		
Gross costs	\$ 45,443,015	\$ 39,594,678
Less: earned revenue	-	(31,674)
Net costs	<u>45,443,015</u>	<u>39,563,004</u>
Preservation and Access		
Gross costs	22,432,133	24,832,376
Less: earned revenue	<u>(493,094)</u>	<u>(140,137)</u>
Net costs	21,939,039	24,692,239
Research		
Gross costs	19,544,685	17,994,563
Less: earned revenue	<u>(104,211)</u>	<u>(112,487)</u>
Net costs	19,440,474	17,882,076
Public Programs		
Gross costs	19,823,654	20,882,282
Less: earned revenue	<u>(100,000)</u>	<u>(16,463)</u>
Net costs	19,723,654	20,865,819
Education		
Gross costs	19,563,549	17,615,880
Less: earned revenue	<u>-</u>	<u>(13,877)</u>
Net costs	19,563,549	17,602,003
We the People		
Gross costs	17,346,720	27,050,285
Less: earned revenue	<u>-</u>	<u>(2,662,213)</u>
Net costs	17,346,720	24,388,072
Challenge Grants		
Gross costs	11,457,637	11,143,450
Less: earned revenue	<u>-</u>	<u>(8,884)</u>
Net costs	11,457,637	11,134,566
Other Programs		
Gross costs	3,183,557	2,480,961
Less: earned revenue	<u>(275,627)</u>	<u>(1,988)</u>
Net costs	2,907,930	2,478,973
<b>TOTAL PROGRAMS</b>		
Gross costs (Note 18)	158,794,950	161,594,475
Less: earned revenue	<u>(972,932)</u>	<u>(2,987,723)</u>
<b>NET COST OF OPERATIONS</b> (Note 12)	<u>\$ 157,822,018</u>	<u>\$ 158,606,752</u>

The accompanying notes are an integral part of these statements.

## NATIONAL ENDOWMENT FOR THE HUMANITIES

### STATEMENT OF CHANGES IN NET POSITION For the Years Ended September 30, 2010 and 2009 (in US Dollars)

	2010			2009		
	Earmarked Funds	All Other Funds	Total	Earmarked Funds	All Other Funds	Total
<b>CUMULATIVE RESULTS OF OPERATIONS</b>						
Beginning balances	\$ 578,869	\$ (181,758)	\$ 397,111	\$ 488,165	\$ 1,676,940	\$ 2,165,105
Adjustments: Corrections of errors	-	-	-	-	-	-
Beginning balances, as adjusted	578,869	(181,758)	397,111	488,165	1,676,940	2,165,105
Budgetary financing sources:						
Donations (Note 11)	788,036	-	788,036	926,033	-	926,033
Appropriations used (Note 17)	-	154,032,328	154,032,328	-	154,677,189	154,677,189
Other financing resources:						
Imputed financing from costs absorbed by others (Notes 1 & 13)	-	1,583,162	1,583,162	-	1,235,536	1,235,536
Total financing sources	788,036	155,615,490	156,403,526	926,033	155,912,725	156,838,758
Net cost of operations (Notes 12 & 13)	(923,146)	(156,898,872)	(157,822,018)	(835,328)	(157,771,424)	(158,606,752)
Net change	(135,110)	(1,283,382)	(1,418,492)	90,705	(1,858,699)	(1,767,994)
Cumulative Results of Operations	443,759	(1,465,140)	(1,021,381)	578,870	(181,759)	397,111
<b>UNEXPENDED APPROPRIATIONS</b>						
Beginning balances	-	111,278,198	111,278,198	-	110,955,387	110,955,387
Adjustments: Corrections of errors	-	-	-	-	-	-
Beginning balances, as adjusted	-	111,278,198	111,278,198	-	110,955,387	110,955,387
Budgetary financing sources:						
Appropriations received (current period) (Notes 17 & 18)	-	167,500,000	167,500,000	-	155,000,000	155,000,000
Rescissions	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Appropriations used (Note 17)	-	(154,032,328)	(154,032,328)	-	(154,677,189)	(154,677,189)
Total budgetary financing sources	-	13,467,672	13,467,672	-	322,811	322,811
Total Unexpended Appropriations	-	124,745,870	124,745,870	-	111,278,198	111,278,198
<b>NET POSITION</b>	<b>\$ 443,759</b>	<b>\$ 123,280,730</b>	<b>\$ 123,724,489</b>	<b>\$ 578,870</b>	<b>\$ 111,096,439</b>	<b>\$ 111,675,309</b>

The accompanying notes are an integral part of these statements.

## NATIONAL ENDOWMENT FOR THE HUMANITIES

### STATEMENT OF BUDGETARY RESOURCES

For the Years Ended September 30, 2010 and 2009

(in US Dollars)

BUDGETARY RESOURCES	2010	2009
Unobligated balance, brought forward, October 1	\$ 3,573,426	\$ 4,035,524
Recoveries of prior year unpaid obligations	2,091,813	2,702,641
Budgetary authority:		
Appropriation	168,288,036	155,926,033
Spending authority from offsetting collections:		
Earned:		
Collected	1,277,090	3,305,743
Change in receivables from Federal sources	35,384	(3,930)
Change in unfilled customer orders:		
Advance received	(219,451)	(762,589)
Without advance from Federal sources	(136,412)	165,794
Anticipated for rest of year, without advances	-	-
Subtotal	169,244,647	158,631,051
Permanently not available - rescission	-	-
Total Budgetary Resources	<u>174,909,886</u>	<u>165,369,216</u>
<b>STATUS OF BUDGETARY RESOURCES</b>		
Obligations incurred (Notes 13 & 14)		
Direct	170,915,431	159,438,463
Reimbursable	859,748	2,357,326
Subtotal	171,775,179	161,795,789
Unobligated balance		
Apportioned	2,440,582	2,366,974
Exempt from apportionment	-	-
Subtotal	2,440,582	2,366,974
Unobligated balance not available	694,125	1,206,453
Total Status of Budgetary Resources	<u>174,909,886</u>	<u>165,369,216</u>
<b>CHANGE IN OBLIGATED BALANCES</b>		
Obligated balance, net		
Unpaid obligations, brought forward, October 1	136,955,088	132,701,222
Uncollected customer payments from		
Federal sources, brought forward, October 1	<u>(218,396)</u>	<u>(56,532)</u>
Total, Unpaid obligated balance, net, beg. of period	136,736,692	132,644,690
Obligations incurred, net (Notes 13 & 14)	171,775,179	161,795,789
Gross outlays	(158,409,826)	(154,839,282)
Recoveries of prior year unpaid obligations, actual	(2,091,813)	(2,702,641)
Change in uncollected customer payments from Federal sources	<u>101,027</u>	<u>(161,864)</u>
Subtotal	11,374,567	4,092,002
Obligated balance, net, end of period (Note 16)		
Unpaid obligations	148,228,628	136,955,088
Uncollected customers payments from Federal sources	<u>(117,369)</u>	<u>(218,396)</u>
Total, Unpaid obligated balance, net, end of period	148,111,259	136,736,692
<b>NET OUTLAYS</b>		
Net Outlays:		
Gross outlays	158,409,826	154,839,282
Offsetting collections	(1,057,638)	(2,543,154)
Distributed offsetting receipts	<u>(849,810)</u>	<u>(99,683)</u>
Net outlays	<u>\$ 156,502,378</u>	<u>\$ 152,196,445</u>

The accompanying notes are an integral part of these statements.

**National Endowment for the Humanities**  
**Notes to the Financial Statements**  
**As of and For the Years Ended**  
**September 30, 2010 and 2009**  
(In Dollars)

The following Notes include the disclosure requirements contained in the Office of Management and Budget (OMB) Circular A-136, "Financial Reporting Requirements" and the Federal Accounting Standards Advisory Board (FASAB) "Statements of Federal Financial Accounting Standards" (SFFAS).

**Note 1 – Significant Accounting Policies**

**A. Reporting Entity**

The National Endowment for the Humanities (NEH) is an independent grant-making agency of the United States government dedicated to supporting research, education, preservation, and public programs in the humanities. NEH was established by the National Foundation on the Arts and the Humanities Act of 1965.

**B. Basis of Presentation**

The financial statements are provided to meet the requirements of the Accountability of Tax Dollars Act of 2002. The statements consist of the Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and Statement of Budgetary Resources.

**C. Basis of Accounting**

Transactions are generally recorded on an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when liabilities are incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints and controls over the use of Federal funds. Each year, Congress provides NEH appropriations to incur obligations in support of agency programs. Budgetary accounting is the means of recording these appropriations and measuring the consumption of budget authority and other budgetary resources.

**National Endowment for the Humanities**  
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**Note 1 – Significant Accounting Policies (continued)**

**D. Revenues and Other Financing Sources**

NEH receives funding through annual Congressional appropriations from the budget of the United States. No-year appropriations are used, within statutory limits, for operations and capital expenditures for essential personal property. Appropriations are recognized as revenues at the time the related program or administrative expenses are incurred. Appropriations expended for capitalized property and equipment are recognized as revenues when assets are consumed in operations.

NEH was granted the authority to receive donations and to invest in interest-bearing accounts. Accounts are maintained for restricted as well as unrestricted funding and NEH observes the same guidelines for the appropriate use of donated funds as for appropriated funds. This authority allows the Chairman to incur representation and reception expenses.

**E. Fund Balance with Treasury**

Funds with the Department of the Treasury primarily represent appropriated funds that are available to pay current liabilities and finance authorized purchase commitments. See [Note 2](#) for additional information.

**F. Advances and Prepayments**

NEH records grant payments for work not yet performed at year-end as advances. The advances are recorded as expenses in subsequent fiscal years.

**G. General Property, Plant and Equipment**

NEH policy is to depreciate property, plant and equipment over the estimated useful life of the asset. The capitalization threshold is \$50,000 for individual purchases and \$50,000 for bulk purchases with a minimum of \$10,000 per item. Service lives are listed below:

<u>Description</u>	<u>Estimated Useful Life</u>
Leasehold improvements	Term of Lease
Capital Leases	Term of Lease
Office Furniture	7 years
Computer Equipment and Software	3 years
Office Equipment	5 years



**National Endowment for the Humanities**  
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**As of and For the Years Ended**  
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(In Dollars)

**Note 1 – Significant Accounting Policies (continued)**

**H. Liabilities**

Liabilities represent transactions or events that have already occurred for which NEH will likely pay. No liability can be paid, however, absent an appropriation, or in some cases donated funds. Liabilities for which an appropriation has not been enacted are, therefore, classified as not covered by budgetary resources, because there is no absolute certainty that the appropriation will be enacted. Also, liabilities can be abrogated by the Government acting in its sovereign capacity.

**I. Accounts Payable**

Accounts payable consists of amounts owed to other federal agencies, commercial vendors, and grantees. Accounts payable to commercial vendors are expenses for goods and services received but not yet paid by NEH. Grant liabilities are grantee expenses not yet funded or reimbursed by NEH. At fiscal year-end, NEH calculates and records an accrual for the amount of estimated unreimbursed grantee expenses.

**J. Annual, Sick, and Other Leave**

Annual leave is accrued as it is earned and the accrual is reduced as leave is taken. Each year, the balance in the accrued leave account is adjusted to reflect current pay rates and balances. To the extent current or prior year appropriations are not available to fund annual leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of non-vested leave are expensed as taken.

**K. Retirement Plans**

NEH employees participate in the Civil Services Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). FERS was established by enactment of Public Law 99-335. Pursuant to this law, FERS and Social Security automatically cover most employees hired after December 31, 1983. Employees hired before January 1, 1984, participated in CSRS unless they elected to join FERS and Social Security.

All employees are eligible to contribute to the Thrift Saving Plan (TSP). For those employees participating in FERS, a TSP account is automatically established and NEH makes a mandatory one percent contribution to this account. In addition, NEH makes matching contributions, ranging from one to four percent, for

**National Endowment for the Humanities**  
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(In Dollars)

**Note 1 – Significant Accounting Policies (continued)**

FERS eligible employees, who contribute to their TSP accounts. Matching contributions are not made to TSP accounts established by CSRS employees.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, NEH remits the employer's share of the required contribution.

NEH does not report on its financial statements information pertaining to the retirement plans covering its employees except for imputed costs related to retirement (see L. below). Reporting amounts such as plan assets and accumulated plan benefits, if any, is the responsibility of the Office of Personnel Management.

**L. Imputed Benefit Costs**

NEH reports imputed benefit costs on Life Insurance, Health Insurance, and Retirement. The Office of Personnel Management (OPM) supplies the cost factors that are applied to the Agency's records.

**M. Federal Employees' Compensation Act (FECA) Actuarial Liability**

The FECA provides income and medical cost protection to covered federal civilian employees injured on the job and for those who have contracted a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits under the FECA for NEH's employees are administered by the Department of Labor (DOL) and are paid ultimately by NEH.

DOL provides a computational model for estimating a FECA actuarial liability for any federal agency not specifically listed in the results of DOL's FECA actuarial model. This computational model is based on an extrapolation from the actual charges experienced recently by NEH. This procedure is not an allocation of a listed liability amount. It is, however, a way to calculate a reasonable actuarial liability for NEH.

The computational model takes the amount of benefit payments for the entity over the last 9 to 12 quarters, and calculates the annual average of payments for medical expenses and compensation. Both types of payments can be found in the chargeback reports that are issued quarterly by DOL.

**National Endowment for the Humanities**  
**Notes to the Financial Statements**  
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**Note 1 – Significant Accounting Policies (continued)**

This average is then multiplied by the liability to benefits paid ratios (LBP). These ratios vary from year to year as a result of economic assumptions and other factors. The model calculates a liability approximately 11 times the annual payments.

**N. Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

**O. Commitments and Contingencies**

There are no commitments or contingencies that require disclosure.

**P. Intragovernmental Activity**

Throughout these financial statements, intragovernmental assets, liabilities, revenues, and costs have been classified according to the type of entity associated with the transactions. Intragovernmental assets and liabilities are those from or to other Federal entities. Intragovernmental earned revenues are collections or accruals of revenue earned from other Federal entities and intragovernmental costs are payments or accruals to other Federal entities.

**National Endowment for the Humanities**  
**Notes to the Financial Statements**  
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(In Dollars)

**Note 2 – Fund Balance with Treasury**

<b>Fund balance with Treasury:</b>	<u>2010</u>	<u>2009</u>
Appropriated funds	\$ 150,778,815	\$ 139,696,737
Trust funds	<u>467,150</u>	<u>613,381</u>
<b>Total</b>	<u><u>151,245,965</u></u>	<u><u>140,310,118</u></u>
 <b>Status of fund balance with Treasury:</b>		
Unobligated balance - available	2,440,582	2,366,974
Unobligated balance - unavailable	694,125	1,206,453
Unfilled customer orders without advance	(81,986)	(218,397)
Receivables from federal sources	(35,384)	-
Obligated balance not yet disbursed	<u>148,228,628</u>	<u>136,955,088</u>
<b>Total</b>	<u><u>\$151,245,965</u></u>	<u><u>\$ 140,310,118</u></u>

Fund Balance with Treasury is the aggregate amount of NEH's accounts with the U.S. Treasury from which NEH is authorized to make expenditures and pay liabilities. The trust fund includes amounts donated to NEH. Some of these funds are restricted for intended purposes.

**Note 3 – Accounts Receivable**

	<u>2010</u>	<u>2009</u>
	<u>Current</u>	<u>Current</u>
Gross receivables		
Receivables from services to federal agencies		
Advance to government agencies	\$ -	\$ 189,123
Other receivables	35,384	-
Receivables from the public		
Advances to grantees	2,503,023	2,180,764
Other receivables	3,435	2,800
Allowance for uncollectible accounts	<u>-</u>	<u>-</u>
<b>Net receivables</b>	<u><u>\$ 2,541,842</u></u>	<u><u>\$ 2,372,687</u></u>

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**Note 4 – General Property, Plant and Equipment, Net**

NEH policy is to depreciate property, plant and equipment over the estimated useful life of the asset. The capitalization threshold is \$50,000 for individual purchases and \$50,000 for bulk purchases with a minimum of \$10,000 per item. Property and equipment, net, as of June 30, 2010 and 2009, consisted of the following:

Fiscal Year	Major Class	Service Life and Method	Cost	Accumulated Amortization /Depreciation	Net Book Value
<a href="#">2010</a>	Capital Leases	Life of Lease/Straight	\$472,433	\$472,433	\$ -
<a href="#">2010</a>	Office Equipment	5 years/Straight	\$ 88,281	\$ 35,312	\$ 52,969
<a href="#">2009</a>	Capital Leases	Life of Lease/Straight	\$472,433	\$452,068	\$ 20,365
<a href="#">2009</a>	Office Equipment	5 years/Straight	\$88,281	\$ 17,656	\$ 70,625

**Note 5 – Liabilities**

	<a href="#">2010</a>	<a href="#">2009</a>
Intragovernmental	<u>Current</u>	<u>Current</u>
Accrued unfunded FECA	\$ 45,032	\$ 45,346
Accrued unfunded Unemployment Comp.	-	12,585
Advances from others	682,424	901,876
Accrued liabilities - Government	-	13,864
Employee contributions & payroll taxes payable	<u>142,982</u>	<u>118,028</u>
Total Intragovernmental	870,438	1,091,699
Accrued funded payroll	976,711	857,640
Actuarial FECA	212,336	225,905
Accrued unfunded leave	1,411,682	1,281,113
Accrued liabilities due - non-Government	<u>26,645,120</u>	<u>27,642,129</u>
Total liabilities	<u>\$ 30,116,287</u>	<u>\$ 31,098,486</u>

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**Note 6 – Leases**

**Occupancy Lease:**

Description of Lease Arrangements:

Office Space: The National Endowment for the Humanities rents office space from the General Services Administration in the Old Post Office Building at 1100 Pennsylvania Avenue in the District of Columbia. The term of the lease is from October 1, 2009 through September 30, 2011.

	<u>2010</u>	<u>2009</u>
Future payments due:	<u>Office Space</u>	<u>Office Space</u>
Fiscal year 2010	2,731,577	-
Fiscal year 2011	2,745,516	-
Total	\$ 5,477,093	\$ -

**Capital Leases:**

Photocopiers. In fiscal year 2005, NEH purchased 21 photocopiers under a lease-to-own contract. The lease term is 60 months ending February 28, 2010.

Summary of assets under capital lease:	<u>2010</u>	<u>2009</u>
Machinery and equipment	\$472,433	\$472,433
Accumulated amortization	472,433	452,068

Future payments due:	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>
	<u>Computers</u>	<u>Copiers</u>	<u>Computers</u>	<u>Copiers</u>
Fiscal year 2009	-	-	-	-
Fiscal year 2010	-	-	-	22,558
Total	\$ -	\$ -	\$ -	\$ 22,558

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**Note 7 – Incidental Custodial Collections**

Custodial collections made by NEH are deposited and reported into a designated miscellaneous receipt account. At fiscal year-end, all custodial collections are returned to the U.S. Treasury.

	<u>2010</u>	<u>2009</u>
Income from NEH projects funded in previous years	\$ 61,775	\$ 99,683
Total cash collections	<u>61,775</u>	<u>99,683</u>
Disposition of collections:		
Returned to Treasury (general fund)	61,775	99,683
Retained by NEH	<u>-</u>	<u>-</u>
Net custodial revenue activity	<u>\$ -</u>	<u>\$ -</u>

**Note 8 – Liabilities Not Covered by Budgetary Resources**

	<u>2010</u>	<u>2009</u>
Intragovernmental		
Accrued unfunded FECA	\$ 45,032	\$ 45,346
Accrued unfunded Unemployment Compensation	<u>-</u>	<u>12,585</u>
Total intragovernmental	45,032	57,931
Actuarial FECA	212,336	225,905
Accrued unfunded leave	<u>1,411,682</u>	<u>1,281,113</u>
Total liabilities not covered by budgetary resources	1,669,050	1,564,949
Total liabilities covered by budgetary resources	28,447,237	29,533,537
Total liabilities	<u>\$ 30,116,287</u>	<u>\$ 31,098,486</u>

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**Note 9 – Explanation of Differences between Liabilities Not Covered by Budgetary Resources and Components Requiring or Generating Resources in Future Periods**

Components that comprise liabilities not covered by budgetary resources represent the cumulative balance of the liability. By contrast, components requiring or generating resources in future periods included in Note 13 – Reconciliation of Net Cost of Operations to Obligations Incurred – represent the change in the liability created in the current year.

**Note 10 – Explanation of Differences between the Statement of Budgetary Resources and the Budget of the United States Government**

The President’s Budget which includes actual numbers for fiscal year 2010 has not yet been published. Actual numbers for fiscal year 2010 will be included in the President’s Budget for fiscal year 2012, which will be published about February 5, 2011 and will be available at <http://www.whitehouse.gov/omb/>.

There are no material differences between the amounts reported in the FY 2009 Statement of Budgetary Resources and the 2009 actual amounts reported in the Budget of the United States Government. The difference in the table below is due to the rounding of the amounts in the Budget of the United States Government.

FY 2009 (In Millions of Dollars)	Budgetary Resources Available for Obligation	Obligations Incurred	Distributed Offsetting Receipts	Net Outlays
Budget of the U.S. Government	\$ 166	\$ 162	\$ 0	\$ 152
Statement of Budgetary Resources	<u>165</u>	<u>162</u>	<u>0</u>	<u>152</u>
Differences	\$ 1	\$ -	\$ -	\$ -



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**Note 11 – Earmarked Funds**

	2010			2009		
	<u>Earmarked Funds - Gifts &amp; Donations</u>	<u>Eliminations</u>	<u>Total Earmarked Funds</u>	<u>Earmarked Funds - Gifts &amp; Donations</u>	<u>Eliminations</u>	<u>Total Earmarked Funds</u>
<b>Balance sheet, as of September 30<sup>th</sup></b>						
Assets						
Fund balance with Treasury	\$ 467,150	\$ -	\$ 467,150	\$ 613,381	\$ -	\$ 613,381
Other assets	-	-	-	-	-	-
Total assets	467,150	-	467,150	613,381	-	613,381
Liabilities	23,391	-	23,391	34,511	-	34,511
Unexpended Appropriations	-	-	-	-	-	-
Cumulative results of operations	443,759	-	443,759	578,870	-	578,870
Total liabilities and net position	467,150	-	467,150	613,381	-	613,381
<b>Statement of net cost, for the period ended September 30<sup>th</sup></b>						
Gross program costs	923,146	-	923,146	835,328	-	835,328
Less earned revenues	-	-	-	-	-	-
Net program costs	923,146	-	923,146	835,328	-	835,328
Costs not attributable to program costs	-	-	-	-	-	-
Less earned revenues not attributable to program costs	-	-	-	-	-	-
Net cost of operations	923,146	-	923,146	835,328	-	835,328
<b>Statement of changes in net position, for the period ended September 30<sup>th</sup></b>						
Net position, beginning of period	578,869	-	578,869	488,165	-	488,165
Non-exchange revenue	788,036	-	788,036	926,033	-	926,033
Other financing sources	-	-	-	-	-	-
Net cost of operations	923,146	-	923,146	835,328	-	835,328
Change in net position	-135,110	-	-135,110	90,705	-	90,705
Net position, end of period	\$ 443,759	\$ -	\$ 443,759	\$ 578,870	\$ -	\$ 578,870

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**Note 12 – Intragovernmental Costs and Exchange Revenue**

OMB Circular A-136 has changed the disclosure requirements for transactions with other Federal entities and the public. Under the revised guidance, NEH will present costs associated with Federal agencies, as well as costs associated with the public. The following amounts present NEH's earned revenues for sales of goods and services to Federal agencies and the public, gross costs associated with sales of goods and services to Federal agencies and the public, and net cost of operations by program.

<b>FY 2010 Programs</b>	<b>Federal/State Partnerships</b>	<b>Preservation and Access</b>	<b>Research</b>	<b>Public Programs</b>	<b>Education</b>	<b>We the People</b>	<b>Challenge Grants</b>	<b>Other Programs</b>	<b>2010 Total</b>
Intragovernmental costs	1,589,141	1,310,686	1,271,385	1,423,191	1,299,763	961,171	543,819	535,969	8,935,125
Public costs	43,853,874	21,121,447	18,273,300	18,400,463	18,263,786	16,385,549	10,913,818	2,647,588	149,859,825
Total costs	45,443,015	22,432,133	19,544,685	19,823,654	19,563,549	17,346,720	11,457,637	3,183,557	158,794,950
Intragovernmental earned revenue	-	493,094	104,211	100,000	-	-	-	275,627	972,932
Public earned revenue	-	-	-	-	-	-	-	-	-
Total earned revenue	-	493,094	104,211	100,000	-	-	-	275,627	972,932
Net costs	45,443,015	21,939,039	19,440,474	19,723,654	19,563,549	17,346,720	11,457,637	2,907,930	157,822,018
<b>FY 2009 Programs</b>	<b>Federal/State Partnerships</b>	<b>Preservation and Access</b>	<b>Research</b>	<b>Public Programs</b>	<b>Education</b>	<b>We the People</b>	<b>Challenge Grants</b>	<b>Other Programs</b>	<b>2009 Total</b>
Intragovernmental costs	1,658,303	1,457,524	1,213,713	1,433,366	1,207,171	8,027,810	542,333	155,814	15,696,034
Public costs	37,936,375	23,374,852	16,780,850	19,448,916	16,408,709	19,022,475	10,601,117	2,325,147	145,898,441
Total costs	39,594,678	24,832,376	17,994,563	20,882,282	17,615,880	27,050,285	11,143,450	2,480,961	161,594,475
Intragovernmental earned revenue	31,674	140,137	112,487	16,463	13,877	2,662,213	8,884	1,988	2,987,723
Public earned revenue	-	-	-	-	-	-	-	-	-
Total earned revenue	31,674	140,137	112,487	16,463	13,877	2,662,213	8,884	1,988	2,987,723
Net costs	39,563,004	24,692,239	17,882,076	20,865,819	17,602,003	24,388,072	11,134,566	2,478,973	158,606,752

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**Note 13 – Reconciliation of Net Cost of Operations to Obligations Incurred**

	<u>2010</u>	<u>2009</u>
<b>RESOURCES USED TO FINANCE ACTIVITIES:</b>		
Budgetary Resources Obligated		
Obligations incurred	\$ 171,775,179	\$ 161,795,789
Less: Spending authority from offsetting collections and recoveries	3,048,424	5,407,659
Obligations net of offsetting collections and recoveries	168,726,755	156,388,130
Less: Offsetting receipts	849,810	99,683
Net Obligations	<u>167,876,945</u>	<u>156,288,447</u>
Other Resources		
Imputed financing from costs absorbed by others	1,583,162	1,235,536
<i>Total resources used to finance activities</i>	<u>169,460,107</u>	<u>157,523,983</u>
<b>RESOURCES USED TO FINANCE ITEMS NOT PART OF THE NET COST OF OPERATIONS:</b>		
Change in budgetary resources obligated for goods, services, and benefits ordered but not yet provided	(12,629,386)	910,354
Budgetary offsetting collections and receipts that do not affect net cost of operations	849,810	99,683
Resources that fund expenses recognized in prior periods	(26,468)	(4,298)
Resources that finance acquisition of assets	-	(88,281)
<i>Total resources used to finance items not part of the net cost of operations</i>	<u>(11,806,044)</u>	<u>917,458</u>
<i>Total resources used to finance the net cost of operations</i>	<u>157,654,063</u>	<u>158,441,441</u>
<b>COMPONENTS OF THE NET COST OF OPERATIONS THAT WILL NOT REQUIRE OR GENERATE RESOURCES IN THE CURRENT PERIOD:</b>		
Components requiring or generating resources in future periods:		
Annual leave liability increase	130,569	32,446
Other	(635)	34,659
<i>Total components of Net Cost of Operations that will require or generate resources in future periods</i>	<u>129,934</u>	<u>67,105</u>
Components not requiring or generating resources:		
Depreciation and amortization	38,021	98,206
Other	-	-
<i>Total components of Net Cost of Operations that will require or generate resources</i>	<u>38,021</u>	<u>98,206</u>
<i>Total components of the net cost of operations that will not require or generate resources in the current period</i>	167,955	165,311
<b>NET COST OF OPERATIONS</b>	<u>\$ 157,822,018</u>	<u>\$ 158,606,752</u>

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**Note 14 – Apportionment Categories of Obligations Incurred: Direct vs. Reimbursable Obligations**

<b>Obligations Incurred</b>	<u>2010</u>	<u>2009</u>
Direct:		
1. Category A total, direct obligations	\$ -	\$ -
2. Category B total, direct obligations	170,915,431	159,438,463
3. Exempt from apportionment	-	-
Reimbursable:		
1. Category A total, direct obligations	-	-
2. Category B total, direct obligations	859,748	2,357,326
3. Exempt from apportionment	-	-
Total direct and reimbursable	<u>\$171,775,179</u>	<u>\$ 161,795,789</u>

**Note 15 – Exchange Revenues for Reimbursable Services Activities**

Pricing policy – Generally, when providing products and services, NEH sets prices to recover the full costs incurred unless otherwise noted in the interagency agreement.

**Note 16 – Undelivered Orders at the End of the Period**

On the Statement of Budgetary Resources, the obligated balance, net, end of period includes the following:

	<u>2010</u>	<u>2009</u>
Unpaid obligations:		
Undelivered orders	\$120,463,815	\$108,323,429
Accounts payable	27,764,813	28,631,659
Less: uncollected customers payments from Federal sources	<u>117,369</u>	<u>218,396</u>
Total, unpaid obligated balance, net, end of period	<u>\$148,111,259</u>	<u>\$136,736,692</u>

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**Note 17 – Reconciliation of Federal Appropriation to Federal Expended Appropriation**

	<u>2010</u>	<u>2009</u>
Federal appropriation	\$ 167,500,000	\$ 155,000,000
Unexpended appropriation – current year	(79,030,364)	(69,367,597)
Amounts obligated in previous years, expended in current year	<u>65,562,692</u>	<u>69,044,786</u>
Federal expended appropriation	<u>\$ 154,032,328</u>	<u>\$ 154,677,189</u>

**Note 18 – Reconciliation of Expenses to Federal Appropriation**

	<u>2010</u>	<u>2009</u>
Total expenses	\$158,794,950	\$161,594,475
Depreciation and amortization	(38,021)	(98,206)
Unpaid vacation	(130,568)	(32,446)
Reimbursable expenses	(2,114,828)	(4,773,691)
Trust fund expenses	(923,146)	(835,328)
Unfunded expenses	(1,556,059)	(1,265,896)
Unexpended appropriation – current year	79,030,364	69,367,597
Amounts obligated in previous years, expended in current year	(65,562,692)	(69,044,786)
Capital expenditures	<u>-</u>	<u>88,281</u>
Federal appropriation	<u>\$167,500,000</u>	<u>\$155,000,000</u>

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**Other Accompanying Information**

**Table 1 - Summary of Financial Statement Audit for the Year Ending September 30, 2010**

Audit Opinion	Unqualified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
No items to report	0	-	-	-	0
Total Material Weaknesses	0	-	-	-	0

**Table 2 - Summary of Management Assurances for the Year Ending September 30, 2010**

<b>Effectiveness of Internal Control over Operations (FMFIA § 2)</b>						
Statement of Assurance	Unqualified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
No items to report	0	-	-	-	-	0
Total Material Weaknesses	0	-	-	-	-	0
<b>Conformance with Financial management system requirements (FMFIA § 4)</b>						
Statement of Assurance	Systems conform financial management system requirements					
Non-conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
No items to report	0	-	-	-	-	0
Total Material Weaknesses	0	-	-	-	-	0
<b>Compliance with Federal Financial Management Improvement Act (FFMIA)</b>						
	Agency			Auditor		
Overall Substantial Compliance	Not Applicable*			Not Applicable*		
1. System Requirements	Not Applicable*			Not Applicable*		
2. Accounting Standards	Not Applicable*			Not Applicable*		
3. USSGL at Transaction Level	Not Applicable*			Not Applicable*		

\* OMB Bulletin 07-04 states that agencies subject to the ATDA and Government Corporation control Act are not subject to the requirements of the FFMIA.

## IV. MANAGEMENT CHALLENGES



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### MANAGEMENT CHALLENGES AS OF SEPTEMBER 30, 2010

#### BACKGROUND

The Reports Consolidation Act of 2000 (ACT) requires the Inspector General of each Federal agency to describe what he or she considers to be the “most serious” management and performance challenges facing the agency and assess the agency's progress in addressing those challenges. In accordance with the ACT, the Inspector General prepared his annual assessment of the major management challenges confronting the National Endowment for the Humanities. This summary is to be included in the NEH’s Performance and Accountability Report (PAR).

Congress left the determination and threshold of what constitutes a most serious management challenge to the discretion of the Inspectors General. As a result, the Inspector General applied the following definition in preparing his statement:

Serious management challenges are mission critical areas or programs that have the potential for a perennial weakness or vulnerability that, without substantial management attention, would seriously impact agency operations or strategic goals.

The Office of Inspector General (OIG) works to promote efficiency, effectiveness, and integrity in the programs and operations of the National Endowment for the Humanities (NEH). Through our audits, surveys, inspections, reviews and investigations, we identify areas of concern within the NEH’s programs and operations.

The most serious management challenges facing NEH are the same as we reported in previous years. The challenges that follow are not ranked in any order of magnitude. The most serious challenges for the agency continue to be maintaining progress in improving the (1) planning and performance measurement in accordance with the Results Act; (2) “continuity of operations” plan; (3) information security; (4) grants management; and (5) management of human capital.

NEH has initiated for the most part important progress improving the challenges noted by the OIG, but more action is needed. There is an essential need for the NEH to enhance its efforts to ensure that programs are operating efficiently, effectively and economically to satisfy the President, Congress and the American taxpayer. The NEH is committed to the continuation of making the improvements including reviewing the agency's internal control environment that naturally may be the underlying cause of a significant amount of the OIG's concerns.

### **Improve Planning and Performance Measurement in Accordance with the Results Act**

NEH has made progress over the past several years and we recognize the difficulty of measuring the benefits of many of the programs' outcomes. The main obstacle to overcome is that many programs may see significant results several years after the grant project ends. However, extra effort is required to make the case for justifying NEH as a positive results oriented organization. NEH has a history of relying seriously on anecdotal examples of success. Program offices and divisions should gradually collect outcome-related data from grantees before the grant ends and several years subsequent. As an illustration, while NEH has learned that a high school teacher uses knowledge gained at a summer seminar during instruction to approximately 250 students a year, we do not know how the students are affected (the outcome). Do they read more books on the topic, are they thinking about taking more courses on the same topic in college? What is the actual effect of a summer seminar on the students of the teacher attending the seminar? Further, what does the school principal and the department chair see as the outcome of the teacher taking the seminar? These measurements would have to be developed at least one-year and beyond after the teacher attended the seminar.

Obtaining outcome-based data from grantees would be more indicative for performance measurement than collecting output data. However, relying on data quality and the evaluation of program effectiveness on information provided by grantees or sub grantees do not provide a comfort level of accurate information. The GAO and other OIG's have noted numerous incidences of high error rates in grantee-reported performance data and this raises concerns about the use of data for decision-making. Even so, obtaining outcome information would be a significant improvement. The agency needs to develop a mechanism to validate the integrity of the grantees' self-reported performance data. Another suggestion is that the NEH develop a statistical basis, a methodology to gather information after the grant is completed to obtain an objective outcome of the program, not only a grant.

We recognize that the agency is making some progress in this complex undertaking; however, it requires more effort. For example, in the Digital Humanities Start-up grants, the grantees are requested to prepare a "White Paper" that includes lessons learned and that this model will be transferable to other programs. This is a good start, but it does not actually collect outputs. Our concern is that in this new procedure NEH is relying on the grantee to provide the information.



## Continuity of Operations

The agency has developed a Continuity of Operations Plan (COOP); it has not been signed by the Chairman and is not part of the NEH Administrative Directives manual.<sup>1</sup> Part of the plan pertains only to information technology, and while very important, the agency relies on paper documents in conducting its business. In fiscal year 2009, the agency developed and performed a high level test of the COOP. A more extensive test of the COOP was planned, but not executed, for fiscal year 2010. If the test is performed in fiscal year 2011, there still remains the need to fine-tune the COOP to include an out of area site with training and testing of the actual ability to process transactions that are deemed essential.

The plan at present contains an agreement with the Institute of Museum and Library Services (IMLS) wherein either agency will assist the other in case of a disaster. The agreement only covers a disaster if it occurs in either one of the buildings occupied by each organization. The IMLS is located in Washington DC. If the downtown area of DC were closed, then execution of the agreement would not be viable. The agreement covers the assistance of Information Technology Equipment and it appears reasonable for a building disaster. One major area that it does not cover is payments to suppliers and contractors where payment is made through the U.S. Treasury system. The NEH has to consider other risks in addition to only problems that would occur in the Old Post Office Building. Therefore this challenge continues to exist. The risks to be considered are: (1) Improvised Nuclear Device; (2) Aerosol Anthrax; (3) Pandemic Influenza; (4) Toxic Industrial Chemicals; (5) Nerve Agent; (6) Radiological Dispersal Device; and (7) Improvised Explosive Device.

Having a formal, inclusive (covering all NEH operations) and tested COOP is a valuable tool for NEH readiness for a sudden event where the staff may not be in a position to work in the Old Post Office Building for several weeks or more. NEH needs a plan that will have staff working within an acceptable timeframe if a manufactured or natural disaster prevented employees' admission to the building. NEH has taken positive action by obtaining the services of a software program where staff can work at home by accessing the NEH computer system. However, if no NEH staff has access to the building, staff may not be able to remotely access the computer system. If the problem only affected the OPO building NEH could most likely build a remote access server at the IMLS location and then staff could work remotely. If the disaster affected the downtown DC area, the NEH may have a problem competing for a place to set up temporary headquarters and obtaining equipment because other federal agencies and private businesses may already have remote work areas in place.

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<sup>1</sup> The NEH management did not have the COOP signed as they want a "living document" that we understand is a document easily subject to change. However, we believe that there should be an Administrative Directive (AD) for the COOP. The OIG staff strongly recommends that the Chairman sign the AD for a COOP and sets the tone from the top that the agency personnel should comply with the COOP and the Chairman delegates the authority to make changes as needed to the Assistant Chairman for Planning and Operations. The actual COOP document would be an attachment. Then the COOP could be changed but the original cover page in the Administrative Directives would not need to be changed with each update. We also believe other AD documents can be set up thus making the agency personnel responsible for following the AD.

The plan must also take into consideration the agency's heavy reliance on paper files and documentation. If the building is lost, NEH would lose those documents and records, as they are not adequately secured. In addition, the agency needs a plan outside of the District that will allow it to make payments through the U.S. Treasury system.

The OIG understands that the agency has a committee working on the finalization of the plan. We believe the agency should consider the different types of disasters when finalizing the COOP.

## **Strengthen Information Security**

The *Federal Information Security Management Act* (FISMA) requires each Federal agency to develop, document, and implement an agency-wide program to provide information security and develop a comprehensive framework to protect the government's information, operations, and assets. To ensure the adequacy and effectiveness of information security controls, the OIG has conducted annual independent evaluations of the agencies' information security programs and has reported the results to the Office of Management and Budget. OIG work conducted since 2004 has revealed system security internal control weaknesses, which increase the risk for inappropriate disclosure or unauthorized use of sensitive and personally identifiable information (PII). The agency's challenges in the area of IT security and management involve the oversight and monitoring of its grant programs; addressing cyber security threats; and administering its IT capital investment portfolio. It is vital that the NEH addresses these challenges to ensure that its IT and information security projects are appropriately managed so they meet their technical and functional goals on time and on budget.

The OIG still believes the agency would gain an advantage from a full penetration test (including social engineering) to determine the systems weaknesses. The NEH has researched the issue and finds it to be expensive and risky. The NEH currently performs monthly passive penetration testing to discover vulnerabilities. NEH is prepared to accept the risks involved of not having a full penetration test. We believe that a full penetration test is needed and as a minimum would like NEH to include social engineering when performing passive testing. The OIG also considers employment of a log management system to monitor intrusions as a necessary activity to strengthen information security. Log management and review would be a first step to provide a reasonable level of assurance that security incidents are detected, resolved, and reported in a timely manner. In conjunction with log management and review the OIG believes that there is a need for the agency to evaluate the feasibility of an intrusion detection system.

NEH similar to most federal agencies is currently investigating moving toward cloud computing. This is an area where we believe future challenges will be found. The OIG is willing to work with the Office of Information Resources Management (OIRM) to assist in this move. We can help by reviewing plans that the agency will be developing to ensure that internal and security controls are in place and based on NEH's risk assessment. The OIG will also work with OIRM to ensure that any contracts with outside

parties contain what we deem to be acceptable and verifiable security measures based on the accepted risks.

Like other federal departments and agencies NEH is planning to enter the world of Web 2.0 technologies such as blogs, social networking Web sites, video and multimedia sharing. This has proven to be good tools to communicate with the public resulting in a greater transparency. Unfortunately, these modern technologies come with risks associated with properly managing and protecting government records and sensitive personally identifiable information (PII). Management should incorporate all necessary defenses to lessen the possibilities of cyber crimes.

GAO reported that several challenges have been identified when agencies use this new technology:

(1) Privacy and security. Agencies will be challenged to determine how the Privacy Act of 1974, which provides certain protections to personally identifiable information, applies to information exchanged in the use of Web 2.0 technologies, such as social networking sites. Additionally, the agency could face challenges in determining how to appropriately limit collection and use of personal information as agencies utilize these technologies and how and when to extend privacy protections to information collected and used by third-party providers of Web 2.0 services. In addition, personal information needs to be safeguarded from security threats, and guidance may be needed for employees on how to use social media Web sites properly and how to handle personal information in the context of social media.

(2) Records management and freedom of information. Web 2.0 technologies raise issues in the government's ability to identify and preserve federal records. Agencies may face challenges in assessing whether the information they generate and receive by means of these technologies constitutes federal records and establish mechanisms for preserving such records, which involves, among other things, determining the appropriate intervals at which to capture constantly changing Web content. The use of Web 2.0 technologies can also present challenges in appropriately responding to Freedom of Information Act (FOIA) requests because there are significant complexities in determining whether agencies control Web 2.0-generated content, as understood within the context of FOIA. Federal agencies have begun to identify some of the issues associated with Web 2.0 technologies and have taken steps to start addressing them. For example, the Office of Management and Budget recently issued guidance intended to (1) clarify when and how the Paperwork Reduction Act of 1995 applies to federal agency use of social media and Web-based interactive technologies; and (2) help federal agencies protect privacy when using third-party Web sites and applications.

Without strong IT security, the confidentiality, integrity and availability of the agency's information are threatened. The agency needs to continue their comprehensive security review of the IT security program. As part of the review process the agency is currently evaluating the effectiveness of the IT security organizational structure and policy enforcement efforts through FISMA and the independent IT reviews done by OIRM. We

believe this positive aspect will need to be worked on for a long-time due the changing technology.

Again, we commend the Office of Information Resource Management for taking many positive steps regarding IT security; however, we will continue to report IT security as a management challenge and potential risk to allow NEH management to continue to focus on this area.

## **Grant Administration**

The OIG is working on review of grant oversight. We are continuing to include grants management as a challenge because of the inherent nature of a grant. A grant is financial assistance for an approved activity with performance responsibility resting primarily on the grantee, with little or no Government involvement in the funded activity. Although NEH has few incomplete grants (based on the grantee submitting a final financial and narrative report), grant oversight and monitoring is a concern of OIG. NEH does not have a robust agency-wide standard operating procedures concerning post grant oversight and monitoring. For example, the program officials visit grantees on a regular basis, while others do not. The agency would benefit from an agency-wide policy wherein adverse conditions that may delay completion of a grant-funded project are identified, thus requiring more oversight and monitoring. The additional monitoring can be accomplished with site visits, telephone and teleconference, email and by requesting specific documentation be sent to NEH.

The Single Audit Act (OMB Circular A-133 audits) was enacted to provide audit coverage for grant making agencies. Originally, grantees receiving \$25,000 or more were subject to limited audit requirements; and grantees receiving \$100,000 or more were subject to the Circular. These audits were to give agencies such as NEH, oversight of more than grant expenditures. The law has been amended wherein the requirement for an audit is now \$500,000 or more of federal expenditures by a grantee in its fiscal year. This threshold is high for NEH grantees, and consequently, a significant number of non-profit organizations do not receive audit coverage. Colleges and universities, state and local governments “include NEH” awards, but, NEH grants are too small to be included in audit testing. To further compound this situation, the OIG is troubled about the adequacy and reliability of information being reported in these audits. Independent Public Accountants or state auditors perform the audits. When the OIG conducted Quality Control Reviews of public accountants, we found many deficiencies in their work. A few years ago the President’s Council on Integrity and Efficiency issued a report stating that almost half of the audit reports had serious deficiencies making many unreliable. While smaller independent accounting firms had more deficiencies, the large firms did not do the job expected of them.

We continue to include this as management challenge because of NEH’s reliance on the grantee’s self-monitoring reports. In addition, the divisions do some on-site monitoring, but not all monitoring is done on a risk-based approach. We strongly suggest each program develop written policies, procedures and guidance on the selection of grantees to visit based on the risk involved.

NEH needs to enhance its policies to develop a stronger pre-award phase through grant closeout for a more effective grant management process. In addition, NEH should develop procedures to monitor the controls of grantees that provide funds to subrecipients; to ensure that funds are spent in accordance with the approved budget. When the OIG completes the grant monitoring review, we will provide specific examples.

## **Management of Human Capital**

### Positive Action by NEH

- Human capital is a high-risk for the federal government due to the large number of baby-boomers that are expected to retire in the next three or four years. NEH will face the same situation. During the past several years' major changes occurred in the Office of Human Resources and the Office of Grant Management. NEH was aware of the pending retirements and acted appropriately to bring staff on board while the staff planning retirement was still at NEH.

### Additional Action Needed

- NEH can ensure that the next wave of staff retirements will go efficiently by asking staff close-to or of retirement age when they plan to retire. Being aware of staffs' plans can provide NEH with a head-start in the hiring and training of new staff.
- The OGM has well written procedure manuals with standard forms and language used in the letters to applicants and grantees. In the manual they have a very brief section on the responsibilities of program staff. Generally, the program offices and divisions do not have comparable operations manuals. The program staffs are required to monitor grants following the OGM general brief guidelines in the manual.
- Therefore, it would be beneficial for program divisions and offices to document procedures and processes that are necessary to perform their work. This would be useful for the next generation of program staff and would facilitate consistent processing of grant applications. The NEH stated that the program offices and divisions are using generic forms and letters and are standardizing and sharing office policy procedures. This is very commendable; however, additional progress needs to be made in this area and it should be written and included in a working manual.
- As we have stated in past years, the OIG recommends that NEH develop a comprehensive five-year strategic human capital plan. The plan should identify human capital goals and human capital initiatives, including knowledge management and succession planning. Knowledge management involves capturing critical information and making the right information available to the

right people at the right time to assure that knowledge and experience of the current staff is passed on to the next generation of NEH staff. This includes mentoring, early replacement hiring and rehiring annuitants. (NEH has already used some of these positive action and we praise them for this accomplishment). One of the first steps would be to develop a measurement system (workload analysis tool) to determine the FTE needs of the agency, especially in the program offices and divisions.

- A significant component in implementing the human capital plan is provision for management succession. Individuals with the potential to become managers should be identified, provided on-the-job and formal management/leadership developmental opportunities. This would strengthen organizational stability, the retention of institutional knowledge, and the infusion of new talent. Then when the occasion occurs, these staff can be promoted to higher positions. This, as part of a human capital plan, should be linked to the Agency's Strategic Plan for long-term achievement of the Agency's mission.



THE CHAIRMAN

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MEMORANDUM

Date: November 5, 2010

To: Sheldon Bernstein  
Inspector General

From: James A. Leach  
Chairman

Subject: Response to OIG Memorandum Concerning Management Challenges

Thank you for your thoughtful assessment of the most significant management challenges facing NEH as we enter fiscal year 2011. Like you, I believe we have made significant progress in addressing the challenges you identified in last year's report, but I also agree that additional improvements need to be made in these areas of our work. Our responses to your specific concerns are detailed below.

***Improve Planning and Performance Measurement in Accordance with the Results Act***

NEH currently requires grantees to submit a narrative report at the conclusion of the grant. As part of this final performance report, the agency asks grantees to address, to the extent possible, the quantitative and qualitative accomplishments or outcomes of their projects, especially in terms of how the outcomes compare to the objectives proposed in the original grant application.

In addition to providing output-type information in our annual performance and accountability report, the Endowment routinely reports *outcome* information for many of its more than three dozen programs and grant categories. For example, every year the agency receives notice of the publication of hundreds of books, articles, and other publications from scholars who were awarded NEH Fellowships, Summer Stipends, and advanced research grants in prior years. These publications—some of which receive prestigious honorary awards, such as Pulitzer Prizes and the National Book Award, as well as honors from scholarly and professional organizations—make significant contributions to our knowledge and understanding of the humanities. In 2010, for example, prestigious scholarly humanities organizations—among them the American Historical Association, the Organization of American Historians, and the Modern Language Association—conferred 10 awards for excellence on books that were written

by scholars who had held NEH fellowships or summer stipends. Similarly, NEH-supported television documentaries and museum and library exhibitions reach millions of Americans annually and are widely acclaimed in the popular press and among professional associations for making significant contributions to the lifelong learning of the American people.

Another way the Endowment focuses on grant outcomes is by requiring grantees in some of our newer programs to submit a “white paper” at the conclusion of their projects. Currently, there are eight programs that require the submission of white papers. These reports, which are being posted on the NEH website, document the work of the projects and help to make project outcomes more widely available to other scholars and institutions in the humanities. We think this exercise will help us assess the performance of these programs and their impact on the field.

The Endowment also from time to time conducts surveys and commissions evaluations to gauge the effectiveness of our programs and the projects they support. For example, NEH recently entered into a cooperative agreement to the Council on Library and Information Resources—a not-for-profit organization that undertakes activities at the intersection of higher education, advanced research, and libraries—to evaluate and investigate the grant outcomes one of the agency’s newest digital humanities programs, the “Digging into Data Challenge.” This program, which made its initial awards in FY 2009, is an international collaboration that links NEH and the National Science Foundation of the United States, the Social Sciences and Humanities Research Council of Canada, and the Joint Information Systems Committee of the United Kingdom. The competition brings humanities and social science scholars together with scientists and technologists to explore how vast libraries of digitized books, newspapers, art, and music can be used for advanced research. The strategic assessment of the program and the results of the first round of project grants will help the Endowment and other funders involved in the program make informed decisions regarding the future of this grant competition. The assessment will eventually lead to a published report so that others in the field may learn from this work. We think this exercise will yield some valuable “lessons learned,” not just about the program under review but also about how other program evaluations may be structured.

NEH also performs occasional in-depth assessments of its programs. Recently, for example, we conducted a thorough review of our Faculty Research Awards program in the Division of Research Programs, which provided support for individual scholars at three types of institutions targeted by Presidential Executive Orders: historically black colleges and universities, institutions of high Hispanic enrollments, and tribal colleges and universities. Our intention was to develop more flexible grant opportunities in order to better serve the needs of scholars at these institutions. As a result of this review, NEH created three distinct Awards for Faculty programs, providing expanded opportunities for faculty members at these categories of institutions. Unlike the former Faculty Research Awards program, the Awards for Faculty programs will allow for a wider variety of research efforts leading to publication, classroom use, or public programs.



All of this said, we agree with you that the agency needs to develop a more comprehensive system of performance measurement. To that end, we will be supplementing the information we currently collect by adapting elements of the new Research Performance Progress Report format, which was developed by a committee of the National Science and Technology Council. This will help us capture performance information from grantees in NEH's grants management system. We also plan to survey fellowship and summer stipend grantees five years after their grant concludes. On a parallel track, we are also developing an in-house system for collecting information on the products and prizes that result from NEH grants. This information will enable us to assess the progress these scholars are making on their advanced humanities research projects and to advise us of the outcomes of their work. These steps will help both the agency and the general public have a better understanding of the impact of our work.

Finally, we do not think that an assessment of the impact of seminars and institutes on school children, as suggested by your illustration, would be advisable. Note that the objective of NEH summer programs for teachers is to deepen participants' knowledge of the humanities and to help them bring these new understandings to their students. Increasing the knowledge of the students of these teachers is not a direct outcome or objective of these programs, and even if it were, there is no valid and reliable way of correlating student performance with their teachers' enrichment activities.

### ***Continuity of Operations***

Continuity of operations planning is vital to ensuring essential business functions can continue during contingencies lasting up to 30 days. The agency's Continuity of Operations Plan (COOP) intentionally does not address all NEH operations, as the purpose of the plan is to identify and prioritize processes that are required to continue within 30 days of a contingency. Full recovery of NEH operations due to an extended outage is outside the scope of continuity of operations planning.

The plan maintains a list of documents that are needed during a contingency, and those documents will be stored at the alternate site. The emergency response team does not need access to any further paper files in order to perform COOP functions. The agency's COOP identifies the essential business functions as: preservation of system data; communication via the web site; communication via email; processing grant payments; and payroll processing. The first three essential business functions clearly do not require any paper files to perform. The last item, payroll processing, has thorough COOP support. Our payroll processing is hosted at the USDA's National Business Center which is well positioned to operate with several redundant facilities. All communications and control processes are performed electronically over the Internet. In addition, USDA's policy is to process payroll at the baseline level when no time and attendance information is received. Payroll will continue even if the NEH itself cannot operate. Any corrections can be performed after NEH resumes normal business processing. That leaves just the payments to grantees requirement, which is addressed in the next paragraph.

The Office of Information Resources Management, Office of Grant Management and the Accounting Office extensively discussed how to process grant payments if the Old Post

Office Building was unavailable. After reviewing the process, two potential roadblocks were identified. The SPS connection to the Treasury payment system requires a token. OIRM contacted the SPS support team and were assured that new tokens could be issued if all our current tokens were lost. The second roadblock was receiving requests for payment. At the time, requests for payments came in through postal mail or as facsimile transmission. The Accounting Office and the Office of Grant Management created a system to receive payment requests through email. This eliminated the last need for paper files for the processing of grant payments.

Currently, our COOP alternate site is at the building housing the Institute of Museum and Library Services (IMLS), located in the Washington, DC downtown area. IMLS was chosen based on the assumption that the most likely COOP scenario would involve a localized problem within the Old Post Office building (e.g., fire, flood, electrical outage). Management recognizes that identifying and securing a site further away will enable us to handle a greater range of contingencies. In the coming year NEH will explore the possibility of securing an alternate site outside the Washington, DC metropolitan area.

### ***Strengthen Information Security***

We agree with you that the agency must continuously improve information security to protect against emerging threats. As noted in your memo, an intrusion detection system would improve the security posture of the NEH. The Office of Information Resources Management has purchased new Cisco brand firewall devices that include an intrusion detection system. These devices are scheduled to be deployed in FY 2011.

We also agree with you that in moving to Web 2.0 NEH must ensure that the use of this technology does not compromise the security and integrity of NEH data. When studying the implementation of Web 2.0 at the NEH, both privacy and record keeping were considered. We determined that this technology does not present any additional privacy vulnerabilities and is in fact less vulnerable because it is not linked to any internal data.

We are mindful that electronic record keeping policies and procedures need to be reviewed as we migrate to Web 2.0 technology. A review of NEH's electronic record keeping practices is planned for fiscal year 2011.

### ***Grant Administration***

Program staff routinely make site visits to a cross-section of NEH grantees to assess the progress of funded projects. Grant progress is primarily monitored by review of interim and final performance reports that are required as a condition of the award. NEH staff also monitors grant progress through email and telephone contact with project directors and others at grantee organizations.

According to the NEH *Grant Administration Manual* (see "Roles of Various Offices in Grant Administration"), both program staff and staff in the Office of Grant Management are responsible for reviewing performance reports. The focus of each office is slightly

different as they undertake their review of these documents. Grant Administrators in the Office of Grant Management review interim performance reports with the intent of determining if the project is on schedule and proceeding smoothly, and whether or not an extension of time might be needed. The role of the program staff is principally to assess the progress of the grantee in conducting the activities as outlined in the application. Program staff are also responsible for reviewing and approving programmatic changes in project plans.

The rollout during FY 2010 of the NEH's new electronic online grant management system (eGMS) is expected to facilitate staff oversight of program performance. Reporting delinquencies can now more easily be identified and addressed, and grantees are now receiving email messages notifying them when their reports are coming due and when they are delinquent. In the short time since the roll-out of eGMS, the number of reporting delinquencies has vastly decreased, due to an increased awareness by grantees of their reporting responsibilities and also due to the fact that it is now easy and convenient for them to submit their reports electronically.

### ***Management of Human Capital***

Concerning your suggestion that we anticipate the next wave of staff retirements by asking seasoned employees when they plan to retire, we note it is illegal to query staff about their retirement plans. However, as an alternative, our Office of Human Resources (OHR) will annually provide retirement projections for staff and make that information available to office managers. This would serve as a valuable tool for succession planning. OHR will also continue to work closely with office managers to ensure that, for continuity purposes, replacements are brought on board before an individual retires.

We are in agreement with your recommendation that NEH develop a comprehensive five-year strategic human capital plan. Toward that end, OHR has already met with several contractors regarding the formulation of the NEH's first human capital plan. For a number of reasons, however, we concluded using an outside contractor to develop our plan was not in NEH's best interests. Instead, we have turned to in-house staff to draft a human capital plan covering a five-year period beginning with fiscal year 2011. We will soon circulate that draft to key agency stakeholders for their review and comment. The draft addresses such key HR functions as strategic alignment, leadership and knowledge management, results-oriented performance culture, management succession, and accountability.

