COUNCIL ROLE IN APPLICATION REVIEW

Background

As the Council is aware, the Endowment's enabling legislation states that the National Council on the Arts "shall (1) advise the Chairperson with respect to policies, programs, and procedures for carrying out the Chairperson's functions, duties, or responsibilities under this subchapter, and (2) review applications for financial assistance under this subchapter and make recommendations thereon to the Chairperson." (In addition, the Council is charged with making recommendations for the National Medal of Arts.)

Questions have arisen from time to time during the Council's history concerning the best ways to carry out its functions. The following material attempts to provide information, history, and issues/options with respect to the second major function of the Council -- that of application review. It would seem advisable to await the arrival of the new Chairman, and possibly some time for him to become fully familiar with these processes, prior to making final decisions with respect to this matter. But the issue has come up in various forms at several earlier meetings, and we did promise the Council a discussion at its August meeting.

More recently, the June 1989 Report of the House Committee on Appropriations accompanying the Endowment's Fiscal 1990 appropriations bill said that:

"The panelists who approve the grants are among the most informed and highly respected in their artistic fields of endeavor. Their recommendations are submitted to the NEA chairman for consideration and to the National Council on the Arts before they can be approved. It is important, therefore, that adequate time be made available to both the panelists and the Council in order for the procedures and guidelines to function properly. The Committee is concerned with reports it has received that enough time is not available for the panelists or the Council, that they are rushed because of the ever-increasing number of applications flowing into NEA, and that imperfect reviews of applications are taking place. Obviously, this is grossly unfair to the thousands of applicants whose hopes and dreams are riding with the papers they file. Moreover, it does not permit the Council to meet its responsibilities for giving full consideration to the artistic merits of applications placed before them for review. Therefore, the Committee directs NEA to make very sure that adequate time and opportunity for review of the applications filed with NEA is made available for both the panelists and the Council."
Similarly, the Senate Appropriations Committee Report endorsed the House directions concerning adequate time and opportunity for review of applications to panels, the Council, and the Chairman, and provided $100,000 for the Endowment to engage an outside party to conduct an independent review of the process by which the Endowment's grant awards are made.

A recent communication from Senator Pell also urged full discussion of Council review of applications, stressing the importance of reaffirming, to Endowment panels, excellence as the fundamental criterion in reviewing applications, and of using as panelists "individuals of unquestioned experience and distinction in their respective fields." The suggestion was also made that the National Council consider opening all parts of its meetings except for discussion of personnel matters. In addition, concern was expressed regarding the amount of time and/or information available to the Council in carrying out its role in reviewing applications and making recommendations thereon.

Thus, there are several matters to be considered during this Council discussion, some may, of course, be looked at again at future meeting(s) and/or when the new Chairman is in place.

One related issue -- conduct of Council members at Panel meetings (where applications are also reviewed) will be made part of this discussion as it has also been raised. This is probably less a matter for decision than it is one for clarification. Let us take this matter up first:
COUNCIL ROLE IN APPLICATION REVIEW

As Council members know, and as will be mentioned later, they are encouraged to attend Panel meetings of their choice. At each of the Council's quarterly meetings per year, a schedule of upcoming Panel meetings is provided Council members, usually extending a year or more into the future. On occasion, some Council members have chosen to attend Panel meetings, and, on occasion, questions have arisen concerning guidance for Council members at and following these Panel sessions.

There are two sets of issues raised by the attendance of Council members at Panel meetings: the potential for apparent or actual conflicts of interest where the panel is reviewing one or more applications from organizations with which the Council member is affiliated; and, the impact of the Council members' attendance on the panel's deliberations generally. While there may be some interrelationship between these issues, it seems appropriate to examine them separately.

With respect to the conflict of interest issues, the present standards of conduct for Council members (Memorandum of February 17, 1987 from Frederic Kellogg to Members, National Council on the Arts and Arts Endowment panelists) -- which appears at the beginning of each Council book -- provides:

Council members and panelists shall not participate in the review of an application from an organization with which they are affiliated, and shall avoid affecting or appearing to affect the decisionmaking process in any way. This standard requires Council members and panelists to leave the room during the discussion and determination of such application. Such procedure should be followed with respect to any deliberation wherein unbiased judgment on the merits may be, or appear to be, impaired. (Rule 2) (Emphasis supplied.)

While this rule does not reference Panel meetings explicitly, it does apply to the entire decisionmaking process at the Endowment -- technical preparation of applications by staff, panel review, Council deliberation, and final determination by the Chairman.

Therefore, at a minimum, Council members may not be present during Panel deliberations on applications with which the Council member is affiliated. In addition, the prohibition on "affecting or appearing to affect the decisionmaking process in any way" would make improper attempts to discuss either directly or in writing such an application with staff, panelists or with fellow Council members at any time before, during, or after the application review process. If the Council considers it useful, the Standards of Conduct memorandum can be revised to make these restrictions explicit.
With these in mind, the issue of Council member attendance at panel meetings or portions of meetings where no conflict of interest exists can be considered. Council members are encouraged to attend both application review and overview panel meetings, as they choose. Given the present nature of the decisionmaking process with respect to applications, it appears that, ordinarily, the most appropriate role for Council members attending non-public sessions of panel meetings is that of non-participating observers. In such a role, Council members are advised not to sit at the panel table and not to participate in panel deliberations. Also, Council members should observe the confidentiality of closed panel sessions, during and following such sessions, discussing such matters (those in which there is no conflict) only with relevant, authorized persons (agency staff, panelists involved in the session, and other Council members). At open panel sessions, Council members may participate in discussions in the same manner as other non-panelists.

Arthur A. Warren
Acting General Counsel
Returning to the broader discussion at hand about the National Council's role in application review, following are:

-- Outline of Current Practice
-- History of Council Role, Analysis and Evolution
-- Some Options and Considerations
-- Brief Discussion of new Subgranting Provisions

Current Practice

Historically, the National Council's role in application review has shifted slightly over time, sometimes responding to Council concern about too much detail and involvement, sometimes to concern about too little. The Endowment and Council have tried various approaches over time, including breaking into small groups, and the current method was developed in response to the then-perceived "down sides" of that earlier system. We have agreed to review the system again, as has been done periodically over the years.

Note that the Arts Endowment handles about 18,000 applications annually. Whatever system for Council review evolves, it needs to be sensitive, realistic, and responsible.

The application review system currently in place for the Council involves a series of steps:

- Council members review Program guidelines developed/disseminated by the Endowment with the advice of its Panels. Guidelines, which exist for all 17 of the Endowment's Programs, spell out program policies, eligibility requirements, review criteria for judging applications, etcetera. Guidelines are not printed unless the full Council has reviewed and recommended them in open sessions of Council meetings.

- Council members are welcome to attend any panel meetings they wish (there are well over 100 each year), and an updated schedule of upcoming panel meetings is given the Council members at every Council meeting. Relatively few Council members in recent years have chosen (or been able) to attend panel meetings.

- At least two weeks prior to each Council meeting, books are mailed to each member with about 1/2 to 2/3rds of the book devoted to applications/grants. Organized by Program (e.g. Dance, Folk Arts, Music, Theater, Locals), the material usually includes a) lists of panelists that reviewed the applications, including primary affiliations and locations; b) summary write-ups of panel deliberations, issues raised, recommendations for future guideline or other revisions, statistics on applications/grants, etcetera; c) a listing of each application recommended for funding, with name of applicant, location, brief description of grant (except for "buying time" fellowships), total project cost, amount requested and recommended, funding history, etcetera. Also included are lists of recommended rejections with name, location, and amount, with brief statistical summary.
Council Role and Evolution

In the Council's earliest years, and into the early 70s, a great deal of Council time was spent discussing applications and grants. Increasingly, particularly as numbers of applications continued to grow, the Council decided to place faith and reliance on advisory panels that could bring a breadth and depth of discipline- and field-specific expertise, and sufficient time, to bear on applications for financial assistance in a way that the Council itself could not. Nonetheless, the Council still found itself spending more time than it felt appropriate on application review, to the detriment of its other responsibilities.

A search of Council meeting records shows that at the Council's 32nd meeting, in September 1973, Council members, who were still reviewing panel recommendations on applications in some detail, asked that ways be found to streamline the process. They wanted to devote more time to broader programmatic and policy issues. The Chairman then was Nancy Hanks. The applications that year numbered around 6,000, with around 2,100 grants being given. (Today more than 18,000 applications are reviewed annually -- three times the 1973 workload -- and around 4,500 grants go out, or a little more than twice as many as then.)

By February 1974, a new system was tried out at the 34th meeting of the Council: "Review Groups" were used, usually on the first day of each meeting, with the entire Council breaking into subgroups, in different rooms, reviewing assigned batches of applications, brought back later in the meeting to a full session of the members.
Two items catch the eye from minutes of that meeting: one, we had a Council member saying with respect to rejections, which he felt would continue to increase as applications continued to increase, that Council members should ask questions about them prior to the meeting; if the questions were not answered satisfactorily, they could be asked again at the meeting -- otherwise the panel recommendations should be accepted.

The second item of interest from minutes of that meeting: several Council members voiced confusion about the review group sessions -- chairing, voting, record-keeping, topics, reporting back, etcetera. We promised to clarify these matters.

By the next meeting, May 1974, instructions were clearer: Review Groups would generally be chaired by the appropriate Panel chairman -- who were not Council members (Panel Chairmen then attended Council meetings regularly and participated as appropriate). Grants would not be voted on at the Review Group sessions. And assigned Council members would act as reporters back to their Council colleagues in the full sessions.

By a year later, May 1975, Council members were asking about conflict of interest rules for the Review Groups (including Council member "reporters" for the groups). And several members felt using Council members to report back to their Council colleagues inhibited their participation as Review Group members.

A year later, in May 1976, Council minutes stated that continuing consideration was being given to improving the Review Group procedures. There were continuing problems; and the applications by that year has climbed to around 18,000, similar to today.

By November of '76, the Council -- having had Review Groups in place for nearly three years -- was still troubled by the application review process, though they were pleased that the time being taken on application review had dropped since the early 70's from 60 to 80 percent of Council meeting time to around 30 percent. The minutes of the November '76 meeting state: "It was agreed that Review Groups could be used better, with staff anticipating for Council any applications (or other factors) raising policy questions; aside from these matters, Panel recommendations for the most part should simply be accepted."

The Review Groups generally numbered three or four per meeting, with roughly equal members of the Council in each group. The Review Groups met for several hours in separate rooms to review applications assigned to them by the Chairman -- more than 4,000 applications were and are brought to each Council meeting. Council members were assigned to review groups according to a variety of reasons and concerns: sometimes a Council member with specific expertise in a discipline/field, or a portion thereof, would participate in
the Review Group considering those (as well as other) applications. Some Council members wished to attend Review Groups on fields with which they were familiar; others on fields with which they were not familiar. Assignments were not always satisfactory.

Each Review Group session, as noted, was chaired by the appropriate Panel Chairman (or Chairmen), leaving Council members free to discuss and debate. Relevant Program staff was present to respond to questions. One Council member from each group was assigned to be the "Reporter" -- and, usually toward the end of each Council meeting, when the Council was in full session, each Reporter would report back to his or her Council colleagues, summarizing the Review Group's discussion and highlighting issues -- or grants -- that the Group had felt warranted additional discussion at the Council table.

(Frequently, issues were resolved in the Review Groups, and grants and rejections were then simply voted in block at the Council table.)

It is difficult to reconstruct the portion of time given to actual review of individual applications vis-a-vis discussion of how the Panel had done its work, issues and problems raised in the course of Panel meetings, thoughts for the future about various fields and categories, etc. If memory serves, the Review Group sessions were a mix of all of these things, with the balance shifting from Group to Group and meeting to meeting. Review Group meetings took about 3-4 hours each; the "report-back" sessions to the full Council took about 2-3 hours.

Strengths/Weaknesses of Review Groups

The strengths of using Review Groups included the opportunity for Council members, Panelists, and staff to become mutually acquainted with one another and with the "subject matter," from various points of view, and in more depth than full sessions seemed to afford. Some specific applications received more in-depth discussion. Many questions were asked, and much information was exchanged, and Council members became more familiar with fields and issues.

The Council at that time ('76-'77) ultimately found that using Review Groups, though helpful and interesting, was not the best use of its expertise, nor a necessary process in its overall application review. There were continuing concerns about which Council members were assigned to which Review Group, and why. The "report back to the full group" sessions became increasingly difficult: the Council began to feel factionalized, to feel "in the know" or "not in the know." Sometimes a discussion that had consumed substantial time -- and led to resolution -- at the Review Group level, had to be re-played fully for the full Council, thus doubling the amount of time spent on the application, the issue, the concern. Some Council members wanted to hear more from the report-back members; some wanted to hear less. There were occasional concerns about a Review Group attempting to replicate a panel, though it was extremely rare (as it is today) that a Review Group recommended reversing a panel recommendation.
Analysis and Evolution

A careful analysis of the process in place, undertaken around 1977 by a newly-constituted Office of Council and Panel Operations, indicated that the strengths of the process could be built on, and the weaknesses reduced, by revising once again the means used by the Council to review applications. The Review Groups were discontinued with the Council's blessing. The information and focus that they generated was built on by:

-- continuing encouragement of Council attendance at Panel meetings (resources then permitted travel expenses to be paid for by the Endowment; at present they do not);
-- continuing and strengthened participation of Panel chairmen at Council meetings;
-- creation of Council book pages that provided more highlight and statistical information to Council members concerning the conduct of the Panel meetings that resulted in the applications presented at each meeting. This was simultaneous with a reduction in overall Council book bulk by reducing somewhat the individual grant write-ups; Council members were complaining that they had far too much detail to read -- we had gone to two Council books at one meeting, and there was a revolt;
-- institution of the "yellow sheets" system, encouraging Council members to write down, however informally, any questions/issues of concern to them, about applications in the book or call in advance of the meeting, so that the staff could do whatever research was necessary to respond. This step was taken also because of growing understanding that much of the time at Review Group and full Council sessions was taken up simply in providing information of interest to individual Council members -- information that could as easily be provided by a one-on-one exchange between member and staff;
-- institution of more formalized "block vote" systems that permitted any application to be pulled out for separate action while facilitating recommendation on the rest of the applications.

This overall analysis of Council operations suggested that the Council's other major responsibilities ("advising the Chairperson with respect to policies, programs, and procedures") warranted focussed attention as well. The outcome of this full analysis was that the Council's meeting time would be seen in roughly three major "chunks": a continuing overview and oversight of programs (with attendant policies and procedures); more substantial involvement in overall agency policy (and attendant procedures); and strengthened review of applications to the Endowment for financial assistance. The time was to be divided up so the programs and policy would each occupy somewhat more than a third of the meeting's time, and application review somewhat less than a third. But there was no hard-and-fast rule on any of this, and time was to be used flexibly, depending on the particular demands of each particular meeting.

A couple of footnotes to the above: the "Program" portion of each meeting is used to provide an opportunity for the Council to have an in-depth look at each of the fields we serve -- each Program has but one such opportunity per
year, since that is the only way to afford the Council this opportunity for the 17 specific areas in which we are involved, roughly four per meeting. Each "Program Review," as it's called, is usually hooked in to Council action on that Program's guidelines for the coming year. These sessions are usually the only ones at each meeting which deal directly with art and artists. Some Council members want to be engaged and involved in program issues and esthetics, even if no action/resolution is required. Others want Program Reviews limited to action items. We try to strike a reasonable balance.

With respect to the "Policy" portion of each meeting, this may include discussion of the Endowment's Five Year Planning Document; future fiscal year's budget for the agency; legislative reauthorization; State of the Arts Report; special issues such as discussion of the implications of high definition television/open architecture television; or, indeed, a discussion such as this one on the role of the Council in application review. In the past, the Council had felt that its role in policy issues was too often short-circuited, though in recent years that issue has been raised somewhat less frequently.

With regard to "Application Review," the reason that portion of each meeting was to appear to occupy somewhat less than a third of the time, was that it was assumed that the work done by Council members in reviewing Council book materials prior to meetings, and the "yellow sheets" process described earlier, multiplied greatly the time shown on the actual meeting agenda. Additionally that, unlike the "Program" and "Policy" portions, literally thousands of hours of expert work and time on the part of panelists had already gone into giving applications careful and detailed consideration. The Council, too, felt that its role was necessarily different from that of the panels, that regarding its responsibility vis-a-vis applications, it had to assure itself, a.) that the panels were well and wisely chosen, b.) that the guidelines governing the applications and their review were thoughtfully and sensitively drawn, and c.) that panel meetings were conducted properly at all times. If these were all in place, and, in the words of our Acting Chairman, "when that process is properly sustained and skeptically managed," the Council beyond that should assume a role in application review akin to "by exception," i.e., asking questions about specific applications, looking carefully at applications that, for whatever reason, warrant special discussion -- these may be raised by staff or by Council members. This seems an appropriate approach, in general outline, and a realistic one in terms of reviewing more than 4,000 applications, more than 1,000 recommended for award, per Council meeting.

What we should always do, and continue to do, is consider whether the general outline remains sound and consider alternatives, options, ways of continuing to strengthen the integrity and effectiveness of the process.
Questions have been asked about the extent to which the Endowment emphasizes quality in review of applications. In response to concerns raised by Congress over the Endowment's support of "controversial art," we drafted the following language to re-emphasize quality as the primary criterion:

Since panelists are making recommendations for grants of public money, which is a sensitive and responsible task, panelists are reminded that the Endowment's current enabling legislation states as follows:

"Panels of experts appointed to review or make recommendations with respect to the approval of applications or projects for funding by the National Endowment for the Arts shall, when reviewing such applications and projects, recommend for funding only applications and projects that in the context in which they are presented, in the experts' view, foster excellence, are reflective of exceptional talent, and have significant literary, scholarly, cultural, or artistic merit."

Rigorous application of these standards must be the basis on which grant recommendations are made. Responsibility for the process is shared among applicants, Arts Endowment advisory panelists, members of the National Council on the Arts, and, ultimately, the Chairperson of the Arts Endowment.

We told Congress that we would discuss with the Council at its August meeting the possibility of inserting this language, or some version thereof, both in our Program guidelines and in our instructions to panelists. We look forward to a full discussion of this draft with the Council.

Questions have been asked about the amount of time spent by the Council on application review, and this is worth considering. We could, for example, discuss whether Council meetings should always last two and one-half days (e.g., Friday morning through Sunday around 2 or 3 pm) and, within that, whether roughly one-third of the 19 working hours available -- or roughly six hours -- should routinely be scheduled for application review. Even in recent years, there have been six-hour sessions on application review, and we could build that in as a working assumption. The time devoted to application review could, of course, be even greater. In addition, we could consider whether/how to strengthen the pre-meeting time that the Council devotes to application review, e.g. the materials, timing, "yellow sheets," etcetera.
Questions have also been asked not just about how much time, but about how that time is to be spent. It would seem that the Council needs to satisfy itself about -- or decide how to change -- the general outline suggested above. That is, in its review of applications, the Council needs to be generally comfortable with the guidelines, the panels, and the conduct of meetings; and then, the Council needs to review its materials, ask its questions, satisfy itself (or not) with the answers, raise questions at the full Council table, and undertake some level of "management by exception." These are extremely difficult and complex questions, requiring the right balance of expertise, skepticism, and genuine good faith on all sides.

The Council may also want to consider whether it wishes to return to a "Review Group" situation, which was described earlier in this paper. This might require more than six hours per meeting (Review Groups plus "report back" session), but the Council should consider its strengths and weaknesses and advise on possibly using that system again. In this connection, the Council may wish to recall the Challenge Review Committee process, through which recommendations on Challenge Grant applications from a number of different field-specific panels are brought to a Review Committee (with Council members and others) prior to full Council review.

With regard to the question of opening Council meetings entirely (except for personnel considerations), this has been raised in connection with reauthorization, and in connection with panel meetings, and is an immensely complex and difficult issue with profound implications for applicant artists and organizations as well as for panelists, the Council, the Chairman and others as well (e.g. the Congress, the media, private sector funders, etcetera). Since the question is not just one affecting Council review of applications, and since it has arisen in other contexts, it seems that preliminary discussion (see also material in the Council book regarding Reauthorization) may be helpful at this time, with additional materials and discussions to be developed in future months.

The Council may also want to consider whether additional attendance of Council members at Panel meetings is desirable and feasible in looking at this question. For the most part this would seem a positive step, and with the possibility of a glitch or two (Council member attends only a half-day of a five-day Panel meeting, and it's the half-day that is least representative of the overall Panel meeting) -- it could strengthen the system from many points of view. We have in the past had Council members speak in favor and in opposition to this approach. The opponents felt the danger of exerting undue influence on panels, or, alternatively, of being "co-opted" or less able to come fresh to the job of being Council member. The proponents felt that it
COUNCIL ROLE IN APPLICATION REVIEW

Options and Considerations (continued)

greatly bolsters the Council's ability to assess and understand how the panels and staff work, the materials considered, the process used, the issues of their fields, etcetera. This should all be considered and discussed, along with feasibility in terms of time and resources.

Discussion may also be warranted on "guideposts" beyond those mentioned above concerning the sorts of grounds on which Council reverses panel recommendations. The aforementioned ones involve program guidelines, panel membership, conduct/record of panel deliberations and recommendations. There have been examples, also, of new/different information brought to bear on applications following panel review that might suggest a different outcome from that recommended by Panel. Clearly the Council cannot replicate any Panel's discussion, the full competitive context of all the applications brought before it of which the "questioned" one or ones were just a small part -- taking things out of context involves certain dangers. And the Council, numbering 26, cannot among all its varied members have the depth of expertise in any single discipline that panels represent. The challenge here, as in many other issues, is to find a general ground on which the Council feels comfortable and responsible standing. The options suggested above are a starting point for exploration, and the Council may have others that it wishes to bring to the table. We look forward to this discussion.

Subgranting Provisions

We cannot at this meeting discuss in any real detail the implications for the Council of recent Congressional action with respect to subgranting. The Council will in future be looking at the proposed grants of the organizations (with the exception of state, local, and regional) to which we give money to subgrant. A working group of Endowment staff has begun to explore this matter. Among questions it has begun to examine are:

-- specific, precise definition of "subgranting";
-- preliminary listing of organizations which might meet this definition;
-- issues of "expenses paid" versus subgranting;
-- questions about uses of subgrant funds, e.g. artistic work versus administrative training;
-- extent to which grants which are only partly for subgranting may be affected;
-- extent to which matching funds for such grants may or may not be involved;
-- timing for Council/Chairman review of subgrants versus needs of organizations and artists affected;
-- information needed for such Council/Chairman review.
COUNCIL ROLE IN APPLICATION REVIEW

The Workplan set by the Endowment includes: 1) develop working definition; 2) begin to determine which organizations might be affected; 3) inform them as they are recommended for grants; 4) listen to explanations from those who feel they might not fit the definition and adjudicate those situations; 5) work on acceptable format and timetable for Council/Chairman review; 6) discuss this with all necessary parties throughout this process.

As the Council can see, this is a complicated issue that we are working as rapidly as possible to resolve in compliance with Congressional requirements. We will have suggestions for the Council and new Chairman by the fall of this year.

Ana Steele
Acting Deputy Chairman for Programs,
Director, Program Coordination

P.S. Please note that a Comment Sheet is attached here. If you wish, just jot down your thoughts, questions, suggestions and I'll get it when you arrive at the meeting. Or, if you prefer, please feel free to call me at 202/682-5421.
Please indicate below any questions, comments, or suggestions you may have regarding the information and suggestions in this paper. We are seeking your comments/questions in advance so that we will be in a position to help focus the Council discussions on your thoughts and concerns.

This sheet should be given to me or to Council and Panel Operations when you arrive at the meeting. Questions and comments may also be telephoned to me at 202/682-5421.