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Jan. 12, '76

Met in Senator's office this a.m. with the three GAO reps. and PG. Walter Flanigan was introduced as being the principal investigator.

Following points were made: State committees appear reasonably well diversified as to membership -- but have an academic administrative base, and have academic personnel running them. Example was given of State chairman with the exec. director as candidate for PhD. under this chairman's aegis... Implication that not only are State-based committees subject to Washington "laying on of hands", but that their staffs are subject to the same inbred system -- hence relatively little chance for the outsider or stranger. Point was made that the humanities community involved in each State is a fairly limited number, perhaps in an academic sense it is, and that the members of the set "keep bumping into each other." PG made the point that the Pell concern is for a broader base, to involve the business community, or labor community, for example. Not just as participants, as they now are in some cases -- but as leaders.

*Inbred
Staff*

State committees have differing procedures... some follow a policy of rotation, some have a prescribed term of office -- but this is not required, and hence there are many differences.

*No Standard
Procedures*

GAO finds need for administrative reforms:

1. Many reports are delinquent today -- reports, that is, which come at the end of a grant and say what has been accomplished. Some are 12 months late... There has been no apparent improvement in this area since GAO recommendation made in report in Aug. 1974.
2. Observation was made by Flanigan that Humanities program people are conscientious, "but not good managers." They tend to follow academic procedures -- and are not tenacious in following up on procedures which relate to tax payers' concerns; they lack an insistence on administrative details which are normally considered good government practice.
3. There is a general lack of present evaluation of the State program -- the Humanities is presently rushing toward completion such an evaluation (wonder why?) -- but today the information for the GAO was sketchy and incomplete. States, in applying for funds for an ensuing year, indicate work done with former grant, but main thrust of application is toward the need for added funds for another year. There is no financial accounting before the new grant is considered. A financial accounting follows 90 days after the close of a fiscal year, but in many cases specific grant areas may be "extended" for 3-6 months or even more and in this case final accounting could be delayed by as much as almost a year.
4. Humanities maintain that since much of their funding goes to universities or educational groups, such are audited by other Federal

agencies -- so that there is not as much need for close auditing by the Humanities Endowment in these cases. Such reliance on others is questionable.

5. There are a sufficient number of auditor recommendations which have not been acted on to cause concern -- these numbers relate to recommendations for recovery of funds not properly spent, or not spent for a given purpose. GAO finds the same condition here as in its Aug. '74 report, with no sign of improvement.

6. Reports from State-based committees, at year's end, often lack appropriate narrative.

7. Some executive directors are receiving govt. -paid sabbaticals -- as part of a general NEH policy to give such sabbaticals at the end of 3 years of service -- sabbaticals for 3 months. (This is another example of academic practices applied to government, with perhaps not the best result for the taxpayer.)

8. US Treasury regs. provide that if a grant is over \$100,000 it should be dispensed as needed, not in a lump sum. Flanigan faults the Humanities on following this practice and regulation. He indicates that the Humanities are lax in monitoring large grants... i.e. a lump sum is granted and sometimes not expended by the grantee for half a year. It can thus remain in a grantee bank account attracting interest, while the taxpayer loses the govt. interest which would accrue if that money were to remain until absolutely required in the Treasury. PG made the point that such administrative practices could also reflect on an inability to act in emergency priority circumstances, or with a needed flexibility -- funds which could be otherwise used are tied up unused in grantee's banks.

9. Flanigan also indicated examples of higher initial advances of grantee payments than needed -- and said that in cases he investigated a grantee's request was increased in payment without an accompanying documentary record -- indicating that a change was made by telephone.

10. There were sufficient numbers of large cash balances in grantee's reports to cause concern... i.e. this is another way of checking on a tie-up of funds, which otherwise could be put to program uses -- rather than gathering interest for a given grantee.

In sum: Lack of proper safeguards -- lack of monitoring of programs --
lack of accountability... Questionable practices all through.

THE GAO REPORT

A two-month study -- an indication of some serious administrative problems.

In 1974, GAO did a routine study of Humanities. It found:

	Late Expenditure reports (required from grantees to detail use of Fed. \$\$\$)	Late Narrative Reports (Required to tell how \$\$\$ are spent)
1974	60	93
1975	273	291

Our report
This three to four-fold increase, despite GAO recommendation to improve a year earlier.

NEH does not withhold funds in cases of late reports, and renewal requests.
(Berman is reported to be changing this rapidly.)

A list of grantees late in submitting reports is prepared only once a year.
Thus reports can be up to a year late, before being pinpointed.

Monitoring procedures governing cash advances to grantees appeared very lax.

Our report
For large cash advances -- over \$100,000 -- similar laxity appeared.
No itemized monthly budget for the grant period is required, and no itemized monthly expenditure report in cases of large grants. GAO implies that grantees can benefit greatly when they have more cash than immediately needed -- the Govt. loses because no longer has interest coming on unspent \$\$\$.

A spot check showed one grantee got \$100,000 plus an added \$50,000 when no use had been made of the first \$100,000. The file showed no explanation of approval of the added \$50,000.

Only in November, 1975 -- after initial Pell criticism -- did Humanities begin a study of national needs in Humanities and the impact of the present program... They are thus only starting to examine something they should have had ongoing all along.

In these circumstances, how can they argue their impact is good, bad or indifferent?

State Programs: No guidelines for accountability required. Very lax monitoring... Can be continued from year to year without full report on programs and results each year.

THE CRITICS

In the States: Most vocal critics, but representing and speaking for others, are Texas and Missouri.

Critique: NEH and Berman in particular is unbending, unwilling to compromise, conducts a limited and elitist and exclusive program. 11 States have combined Arts and Humanities Councils -- Berman has shunned any connections with the Humanities side of these.

In a
nutshell!

Donald Homuth, State Senator in North Dakota, writes: "The Arts Councils' commitment to public participation is strong with many programs initiated at a local level. It is not academically dominated. A recent jump in the State appropriation from \$10,000 to \$67,000 indicates recognition by the State of the values of the art program. None of these attributes are to be found in the Humanities program."

Among groups: Many groups -- outside the large, prestigious Ivy-League-type institutional base -- are excluded or receive little help. Examples: The American Association of State Colleges and Universities. They feel Berman is arbitrary and difficult, that he is not interested in the grass roots. The Community College people indicate similar disenchantment.

The Folk ^{Life} ~~Arts~~ Constituency -- a growing grass roots group, concerned with indigenous American culture. Berman, they find, arbitrary, cold, indifferent.

The University Presses. They have had long-standing problems with Berman. He is now "studying" their needs. They find Berman tricky, untrustworthy, bent on feathering his own nest.

(I believe we could find witnesses to testify here in all these areas. The main thrust would be that the Berman program is narrowly elitist, and not getting out to the people.)

Individuals: Hannah Gray, Provost of Yale and Mrs. Rockefeller came to see you before Steve's tragedy... Robt. Goldwin, at the White House, told me these were the only two out of 26 Council members who voiced criticisms and that they had some praise as well for Berman's work.

I have since spoken to Dr. Leslie Koltai, Chancellor Superintendent of Los Angeles Community College. He is a critic.

THE CRITICS (Continued)

Dr. Koltai said there were first and second class Council members in Berman's set-up. He said Berman was secretive, cold, non-receptive, elitist, and that the relations with his staff were not good.

HE SAID HE HAD NOT BEEN CONTACTED BY GOLDWIN -- nor had two other Council members whom he identified as critical:
Dr. Leslie Fishel, President of Heidelberg College in Ohio., and
Dr. Arthur Peterson, Chairman of the Dept. of Politics and Government at Ohio Wesleyan.

Also: Hans Rosehaupt, President of Woodrow Wilson National Fellowship Foundation at Princeton.

Rosehaupt contacted us on his own.

He characterizes Berman as mediocre -- a far cry from predecessors Keensy or Edgerton to a lesser degree. He underscores Berman's ego -- says he gives little heed to his Council. He says Berman has a "Louis XIV attitude."

The Woodrow Wilson Foundation has severed its earlier relationships with the Endowment, and has charged that the Endowment is not making good use of its funds. (He said he would be willing to testify.)

In sum again -- overlooking program criticisms for a moment, all views we are receiving which criticize Berman present an almost unanimous character assessment.

Elitist, indrawn, seeking self-power, arbitrary,
and uncompromising... NOT THE LEADER FOR THIS PROGRAM.