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4-3-1979

## State Humanities Committees (1979-1982): Report 02

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PRIORITY

**United States Senate**

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**MEMORANDUM**

April 3, 1979

TO: Senator  
FROM: Sandy and Jean

Here is a chart with the more general categories and comparisons between the Endowments.

Also attached is a sheet detailing the differences between the State Arts Councils and the State Humanities Committees, as stated in the current law.

As far as we know, no state has ever chosen option #1 for the Humanities Committee; i.e. a Governor appointing 50% of a committee's membership.

CURRENT LAW  
ON STATE ARTS COUNCILS AND STATE HUMANITIES COMMITTEES

NATIONAL ENDOWMENT FOR THE ARTS

NATIONAL ENDOWMENT FOR THE HUMANITIES

Agency: Designated or established  
State agency

Matching: 50% of the total cost of  
any project or production (source  
not limited)

Requirements: (1) State agency is sole  
agency for administration of program;

(2) funds paid to State will only  
be used on projects approved by the  
State agency;

(3) State agency will make reports  
as required by Chairman.

Agency: OPTION

(1) State appoints a minimum of  
50% of membership

OR

(2) Grant recipient assures that at  
least 2 members of its governing body  
shall be appointed by appropriate  
State officer or agency

Matching: Depends on option selected:

(1) If 50% State appointed--

--50% of the amount in excess of  
\$100,000, from State funds, in first  
year;

--100% of the amount in excess of  
\$100,000, from State funds, in  
second year (i.e. 50-50 match of  
excess);

--100% of amount of Federal assist-  
ance received by recipient (i.e.  
50-50 match of all funds), from  
State funds, in subsequent years.

(2) If existing Committee continued  
with 2 appointed members, 50-50 match  
of all Federal assistance received,  
from any sources.

Requirements: (1) Grant recipient will  
abide by optional appointment &  
matching requirements;

(2) funds will be expended solely on  
programs consistent with Act's  
purposes;

(3) recipient has established a  
membership policy to assure broad  
public representation;

(4) it has a nomination process  
to assure nomination of various  
groups within the State;

(5) it has a regular membership  
rotation process;

NATIONAL ENDOWMENT FOR THE ARTS

NATIONAL ENDOWMENT FOR THE HUMANITIES

Requirements (continued):

(6) recipient establishes reporting procedures designed to inform the chief executive officer of the State and other appropriate officers and agencies of its activities;

(7) it establishes procedures to assure public access to information relating to its activities; and

(8) recipient will make reports as required by the Chairman.

Allotments: Same as NEA allotment provision, except that 100% Federal funding (subject to same limitations as in NEA section) is available only if the State does not opt to create a State Humanities committee.

Allotments: \$200,000 per State.

--If funds insufficient, each State is ratably reduced;

--If funds exceed amount necessary for each State to receive minimum, 25% of the excess is available to Chairman for discretionary grants to States and regional groups; additional sums are allotted among States in equal amounts.

In the discretion of the Chairman, that part of a State's allotment in excess of \$125,000 may be used to pay 100% of the cost of a project, if it would otherwise be unavailable to State residents (100% funding limited to 20% of the State's total allotment).

Authorization: Not less than 20% of the funds appropriated to the Endowment.

FY 1979 Amount Available to States:

\$22,721,000

Authorization: Not less than 20% of the funds appropriated to the Endowment.

FY 1979 Amount Available to States:

\$22,100,000

	NEA	NEH	NSF
Total Federal Appropriation	\$149,435,000 FY79 154,400,000 80 (request)	\$145,046,000 FY 79 150,100,000 80 (request)	
Grants to States	Minimum of 20% of program funds required by law	Minimum of 20% of program funds - required by law	
Amount of Grant to States	-Minimum of \$200,000 required by law -Matched by State \$1 for \$1 -FY 79 Block Grant: \$275,000 to each state -Additional funds divided on a competitive basis	-Minimum of \$200,000 required by law -Matched from any source \$1 for \$1, cash or "in kind" -FY 79 Block Grant: \$296,000 to each state -Additional funds divided on basis of state population	
Total Appropriation for State Program	\$22,721,000 (FY 79)	\$22,100,000 (FY 79)	
Treasury Funds	-Treasury Fund grant requires an "up front" cash dollar to release an equal dollar from the Treasury. -Total match is always \$1 Fed to \$3 non-Fed -Treasury grants support specific projects in the regular program areas <u>as opposed to Challenge Grants</u> which are one time only, and designed to generate new, private support to stabilize operations. -Total Treasury Funds: FY 79 \$ 7,500,000 FY 80 20,000,000 (request)	(same as for NEA)  Total Treasury Funds: FY 79 \$9,500,000 FY 80 12,000,000 (request)	
Challenge Grants	-Match: \$1 Fed to \$3 non-Fed -It's Federal money "making" money -Stimulates non-Fed sources	Match: \$1 Fed to \$3 non-Fed -Increases long-range financial stability	
Chairman's Grants	Limit is \$17,500 and up to 10% of program funds	Limit is \$17,500 ditto	

## TREASURY FUND GRANT

Fund is maintained at Treasury Department for the Endowments. Began in 1965.

Available to any applicant who meets regular program guidelines.

Application procedure: Applicant must secure a pledge from an outside donor to make a gift to the Endowment. This contribution frees an equal amount from the Treasury Fund to be given to the grantee. In other words, in a Treasury Fund Grant,  $\frac{1}{2}$  the money has been contributed by a private donor and  $\frac{1}{2}$  has been appropriated by the Fed. Government. This total then must be matched by the grantee.

For example:

\$30,000 Donor's restricted gift to Endowment  
30,000 Amount released from Treasury Fund  
60,000 Total Endowment Grant  
60,000 Matching funds obtained by applicant from other sources  
\$120,000 Total cost of project

Endowment reviews application in same way it reviews any other application.

(It's a 3 for 1 match but 1/3 of the match must be put up front before grant is made.)

## CHALLENGE GRANT

Funds are part of Endowment's regular Federal appropriation Began in 1976.

Available to institutions with proven commitment to artistic excellence. National or regional impact important.

Application procedure:

- Grantee must match every Federal dollar with at least \$3 from other sources.
- Grants are on a one-time basis but may be spread over 3 years.
- All funds(federal and matching) are used primarily at discretion of grantee.
- Many grantees raise more than required by the 3 to 1 match.
- Federal portion of Challenge grant may be as little as \$2000 per year and as much as \$1 million a year - depending on merit of project.

For example:

- The Metropolitan Opera applies for a \$1 million Challenge Grant.
- Over 3 years, the Met must raise a minimum of \$3 million from new private sources.

Challenge Grant and matching funds can be used to:

- meet increased operating costs
- eliminate debts
- add to or begin an endowment fund
- make capital improvements

Applications are extensively reviewed by appropriate Program Advisory Panel and by the National Councils.

	NEA	NEH	NSF
Total Federal Appropriation	\$149,435,000 FY79 154,400,000 80 (request)	\$145,046,000 FY 79 150,100,000 80 (request)	\$ 911,625,000 1,006,000,000
Grants to States	Minimum of 20% of program funds required by law	Minimum of 20% of program funds - required by law	No formula or minimums for states
Amount of Grant to States	-Minimum of \$200,000 required by law -Matched by State \$1 for \$1 -FY 79 Block Grant: \$275,000 to each state -Additional funds divided on a competitive basis	-Minimum of \$200,000 required by law -Matched from any source \$1 for \$1, cash or "in kind" -FY 79 Block Grant: \$296,000 to each state -Additional funds divided on basis of state population	No formula or minimum allocations to states
Total Appropriation for State Program	\$22,721,000 (FY 79) Note: 75% divided evenly, 25% divided at discretion of Chairman on a competitive basis	\$22,100,000 (FY 79) Note: 75% divided evenly, 25% divided by formula based on state population	No state programs as such
Treasury Funds	-Treasury Fund grant requires an "up front" cash dollar to release an equal dollar from the Treasury. -Total match is always \$1 Fed to \$3 non-Fed -Treasury grants support specific projects in the regular program areas <u>as opposed to Challenge Grants</u> which are one time only, and designed to generate new, private support to stabilize operations. -Total Treasury Funds: FY 79 \$ 7,500,000 FY 80 20,000,000 (request)	(same as for NEA)  Total Treasury Funds: FY 79 \$9,500,000 FY 80 12,000,000 (request)	No comparable program  (There is no matching requirement for NSF programs. In fact, grantees are allowed to include in project costs a percentage of direct costs for overhead and administration.)
Challenge Grants	-Match: \$1 Fed to \$3 non-Fed -It's Federal money "making" money -Stimulates non-Fed sources	Match: \$1 Fed to \$3 non-Fed -Increases long-range financial stability	No Challenge Grants
Chairman's Grants	Limit is \$17,500 and up to 10% of program funds	Limit is \$17,500 ditto	Note: Nat'l Councils have power to withdraw or lower this authority. [Up to 10% of prog \$ can be Chrm's grants]

## STATE HUMANITIES COUNCILS

### Option A

If a State wishes to establish a State Humanities Council --

1. The State must designate the existing State humanities members as the State agency board.
2. The Governor will appoint new members as the current members rotate off the Council until the Governor has appointed all members.
3. The State must provide, from newly appropriated State funds, \$100,000 (which is 50% of the minimum state grant) or 25% of the total federal grant - whichever is higher.
4. The funds must be expended on programs designed to bring the humanities to the public.

### Option B

If a State does not wish to comply with Option A, the Council will continue to exist as a private agency - as it does under current law. The Governor, however, will be allowed to appoint four members (not to exceed 20%) of the Council. The Governor currently can appoint two members.



## Summary

The Report shows:

- . A surprising and greatly increased lack of final reports required of grantees, with late reports running up to a year.

(In 1974, when the GAO did a more routine check, it discovered that 60 grantees were late in submitting final expenditure reports and 93 were late in submitting final narrative reports. A year later these numbers had increased to 273 and 291 respectively — a four-fold increase.)

- . that grants can be renewed without an evaluation or assessment of the first year's work.

- . a lack of responsible reporting from Humanities state committees, and that grants to state programs can be continued without final reports on the earlier year's work being fully evaluated.

- . a lack of fiscal accountability at the state level

- . a lack of monitoring on expenditures made by large grantees with resultant loss of taxpayer money

Note that the GAO report in 1974 called attention to late reports, which are fundamental to the on-going evaluation of the program, and of special consequence to continuing grants.