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TESTIMONY

TO THE INTERIOR AND RELATED AGENCIES SUBCOMMITTEE
OF THE HOUSE COMMITTEE ON APPROPRIATIONS

ON THE FISCAL YEAR 1989 APPROPRIATION FOR
THE NATIONAL ENDOWMENT FOR THE HUMANITIES

PRESENTED ON BEHALF OF THE NATIONAL HUMANITIES ALLIANCE

William G. Bowen

President, Andrew W. Mellon Foundation
President Emeritus, Princeton University

March 17, 1988

Mr. Chairman and Members of the Committee:

My name is William G. Bowen, and I am now (as of January 1, 1988) President of the Andrew W. Mellon Foundation, having served as Professor of Economics and Public Affairs and President of Princeton University from 1972 to 1988.

I appreciate the opportunity to appear before you this afternoon. You do not need me -- a sometime economist -- to restate the general case for support of the humanities that has been made so often, and so eloquently, by the NEH itself, by scholars such as Stanley Katz, President of the American Council of Learned Societies, and by colleagues of mine at the Mellon Foundation. But I do want to associate myself emphatically with the view that strong programs in the fundamental disciplines of the humanities are of great importance to this country and to its prospects.

Moreover, I believe that, of all the principal areas of study, the humanities are the least well understood and the least generously supported. We have made too little progress from the historical perception of humanities funding, described in the Ford Foundation's Gaither Report in 1949, which concluded that the "history of philanthropic

support for the humanities may bear the subtitle, 'the short and simple Annals of the Poor.'"

The humanities offer exceptionally good value for the money, if I may put it that way. Modest expenditures can accomplish so much. Having spent a good deal of the last two decades of my life raising money for laboratories, equipment, and research support for the sciences and engineering, I am particularly conscious of what small sums can do in the humanities. Teachers and scholars who are helped to gain access to research opportunities here and abroad, and who are given the freedom and stimulation to think freshly, can draw us back to renewed consideration of the largest questions concerning life and its meaning.

My specific assignment today is to examine the support for the humanities provided by the NEH as seen in the context of support provided by private sources, and particularly by the largest private foundations.

There is one primary conclusion: The NEH is by far the most important external source of funding for the human-

ities in the United States today. It is no exaggeration to say that the decisions made concerning the budget for the NEH (overall size and composition), and the subsequent administration of the funds, have an absolutely decisive impact on the health and character of the humanities in America.

It may surprise the Committee to learn -- it surprised me to learn -- that the 30 largest private foundations in the United States, taken together, make grants to the humanities in a given year that are less than HALF the grants made by the NEH alone. That single, stark finding explains why so many of us concerned about the humanities attach such importance to the NEH and to the support it receives from this committee and the Congress.

To be sure, the data available on private support for the humanities are incomplete and far from precise. I cannot give you a definitive analysis of donations from all sources, and we know that individuals and corporations provide help to the humanities directly as well as through such mediating institutions as colleges, universities, associations, and state councils. Nonetheless, the impressionistic evidence that is available suggests that fund-raising for the humanities is unusually difficult, as contrasted, for example, with fund-raising for more readily understood categories of need such as welfare and health.

Within the foundation world -- which is seen by many people as the most obvious and perhaps even the most logical source of private funding for the humanities -- it is significant to note that The Foundation Grants Index (the primary source of detailed data on giving by foundations) has no specific category for the "Humanities," whereas there are specific categories for the "Social Sciences," "Science," and of course "Health," and "Welfare." Sometimes the way we organize data, and establish categories, contains a message as important as the resulting tabulations themselves.

The most relevant broad category is "Culture," which of course includes grants for many purposes outside the humanities as normally defined (the theater, music, arts councils and organizations of all kinds, public broadcasting in many forms, monuments, etc.). In 1985, \$294 million of grants for all of these diverse purposes were reported by the 444 foundations in the universe covered by The Foundation Grants Index. And this total for even such an amorphous aggregate is, it is interesting to note, no larger than the combined budgets of the NEH and the NEA.

Unfortunately, I cannot provide data of any reliability on trends. The crude figures that are available

indicate that giving to the broad field of "Culture" has been on something of a plateau for the last 7 or 8 years, with ground clearly having been lost to inflation.¹

Anecdotal information suggests that a number of private donors to the humanities have shifted their priorities over the last decade or so. From 1980 on, the "Welfare" category has accounted for about one-quarter (or slightly more) of all grants of \$5,000 and up included in the Foundation Center's analysis of the giving patterns of 444 major foundations. "Health" is the other dominant category, and "Welfare" and "Health" together now receive almost exactly one-half of all grants made by these foundations (\$996 million in 1985).

1. A recent compilation of the relevant data by the American Association of Museums indicates that -- as this Committee knows so well -- the NEH has had a similar experience. Thanks in significant measure to the leadership of this Committee and its chairman (as well as Senator Pell and Senator Stafford and others in the Senate), it has been possible to maintain the dollar level of appropriations for NEH in spite of the difficult budgetary climate that has prevailed. However, we must also recognize the reality of a significant decline in the real value (the inflation-adjusted value) of appropriations over recent years. The American Association of Museums has calculated that FY 87 funding for the NEH would have had to have been \$53 million (38%) higher than it in fact was, if we were to have maintained the FY 81 level of funding expressed in constant dollars.

It is possible to say more about the grant-making patterns of the largest foundations, the group generally expected in any event to be most generous to the humanities. The 30 largest foundations together made total grants in all fields of activity of \$923 million in 1986. We have made a detailed analysis of every individual grant of \$100,000 or more within the broad field of "Culture" (recognizing that grants of this magnitude account for 80% of all grant dollars in this category). The overall conclusion is that \$29 million of these grants were directed to organizations and activities within the purview of the humanities as we believe the NEH would have classified them. This is approximately one-quarter of the grants made for comparable purposes by the NEH itself.

If we now look at all grants over \$5,000, and also include grants for which "Culture" was said by the foundation making the grant to be the second or third major field served by the grant, we can extrapolate the findings from our more detailed grant-by-grant analysis to estimate (very roughly) that a more inclusive humanities total for 1986 might have been in the neighborhood of \$50 million. This is clearly

both an educated guess and, almost certainly, an outer bound. But it is a useful figure. It highlights the fact that, at most, something like 5% of all gifts from the largest foundations went to the humanities. We learn that even under a very generous definition of what constitutes grants to the humanities, total support from the largest private foundations was less than half the support provided by the NEH -- hence the conclusion highlighted at the beginning of this testimony. This may not have been true in the past, when a larger number of the major foundations had more substantial programs in the humanities, but it is the inescapable reality today. (See Chart 1.)

Detailed examination of the specific purposes for which the private foundations made these grants, as compared with the pattern of grant-making reported by the NEH, is also instructive. Grants of over \$100,000 by these foundations can be expressed as the following percentages of grants made by the NEH within each category: "Education" -- 14% (of grants made by the NEH); "Fellowships and Seminars" -- 39%; "Humanities, General" -- 35%; "Research" -- 8%; "State Programs" -- 1%; "Preservation" -- 28%; and "Challenge Grants" -- 47%. (See Chart 2 and Table 1.) In short, in none of these specific categories used by the NEH to describe its grant-making did the sum total of the private grants

included in this analysis come even close to reaching the level of support provided by the NEH.²

It is hardly surprising that the NEH is so much more important than these private foundations in promoting humanities activities by state councils -- which is not to say that the major foundations do not take into account their own geographic locations in making grants, as they plainly do. But it is noteworthy that the NEH plays a pivotal role in supporting research. I should add that, in reviewing

2. Nor is this conclusion changed qualitatively if we impute to the private foundation grants in each category: (1) a pro-rata share of the additional grants assumed to have gone to the humanities in the form of grants of between \$5,000 and \$100,000 for "Culture" and (2) a pro-rata share of grants assumed to have gone to the humanities in the form of grants in which "Culture" was stated to be a second or third field of interest to be served by the grant. When we add these imputed amounts, all of the percentages cited above rise by slightly less than one-half of the original percentages. (More precisely, each percentage moves to a new level equal to 44%/24% of the original percentage.) (See Table 1.) However, it seems clear that whereas this kind of extrapolation may be of some value in bounding the overall level of giving to the humanities, it is a good deal more suspect when the approach is extended to individual categories. In the case of "Research," for example, it is highly improbable that smaller grants, and grants in which "culture" was not the primary objective, would be anything like as supportive of research, on a proportionate basis, as grants of \$100,000 or more from these large foundations. Thus, the original percentage is surely much closer to the truth in describing the relative importance of the private foundations in supporting research than is the extrapolated percentage.

NEH grants for research, I have been favorably impressed by the overall quality of the work being supported. The NEH staff and its panels should be commended, I believe, for courage and farsightedness in supporting various scholarly editions, for example -- as well as research that is much less traditional. The critical role played by the NEH in this area, as well as in supporting individual scholars, is clear for all to see.

Looking ahead, my strong hope is that both the NEH and private donors will do more for the humanities. Modest sums of money raise spirits as well as permit substantive accomplishments; they stimulate new ideas and encourage the training of new scholars at the same time that they invigorate the thinking of established scholars and give the larger public a heightened appreciation of the role of the humanities in American life.

These two sources of funding are, I believe, powerfully complementary. While I have made no systematic study of "matching" programs, it is my definite impression that

the kind of mutual encouragement that this process can engender is often very valuable. At the minimum, NEH funding has given stability (and, for that matter, life itself) to many important organizations that have then been able to appeal for help from other donors precisely because it is evident that the organizations are very much alive and well. In this way, NEH funding has led to increased private donations with or without explicit matching requirements.

There are no grounds, in my view, for fear that NEH funding will be an excuse for private donors to do less. That might conceivably happen if the NEH were to have a grant-making capacity ten times what it has at present; but, for now at least, other nightmares seem more plausible. The needs are enormous, and there is far too little money, from all sources, for funding from any single source to be a legitimate excuse for others to back away. The far greater danger, I believe, is that there will be inadequate core funding for activities and organizations of great importance -- and that, as a consequence, they will not be taken seriously, and will not be assisted, by other potential donors. The NEH has a vital function to perform in giving worthy enterprises credibility in approaching other donors for support of new efforts as well as of existing programs of consequence.

I do have one worry about challenge grants. They are delicate instruments, and while they can be extremely useful in the right circumstances, they can also be counter-productive if used too often, or in situations where the realistic prospect for success in finding matching funds is bleak. Also, it is not wise, in my view, to issue matching challenges when the amount in question is small. There is the ever present danger that organizations will be induced to spend too much time, too much intellectual energy, and too many resources on what are (if we are honest about it) inefficient forms of fund-raising. My plea, then, is that we continue to challenge those who can raise significant amounts of money -- in fields where this is feasible -- to do so, but that we not encourage too many organizations, all of the time, to see themselves as fund-raisers par excellence. They often have different, and more important, contributions to make. The NEH will, I hope, find other mechanisms that can be used to encourage projects that do not lend themselves to the "matching" approach.

Once again, Mr. Chairman, thank you for this opportunity, to testify, and, even more, for the exceptional leadership you have provided in sustaining support for the NEH during difficult times. All of us are in your debt.

TABLE 1

**SUPPORT FOR THE HUMANITIES, BY CATEGORY,
FROM THE NEH AND THE 30 LARGEST PRIVATE FOUNDATIONS
IN 1986 (in millions of dollars)**

Categories ①	NEH ②	30 Largest Private Foundations	
		Direct Grants Over \$100 Thousand ③	Estimate of all Grants ④
Education	\$ 14,840	2,111 (14%)	3,756 (25%)
Fellowships and Seminars	14,370	5,645 (39%)	10,110 (70%)
General	24,723	8,620 (35%)	15,670 (63%)
Research	20,951	3,715 (18%)	6,770 (32%)
State Programs	24,107	300 (1%) ⑤	535 (2%)
Preservation	4,059	1,135 (28%)	2,075 (51%)
Challenge Grants	<u>16,171</u>	<u>7,647 (47%)</u>	<u>13,757 (85%)</u>
Total	\$119,221	29,173 (24%)	52,673 (44%)

Notes:

① See NEH Annual Report, 1986, for definitions. An attempt was made to classify the private foundation grants according to these same categories.

② Includes Treasury (i.e. matching) funds utilized by each Division or Office.

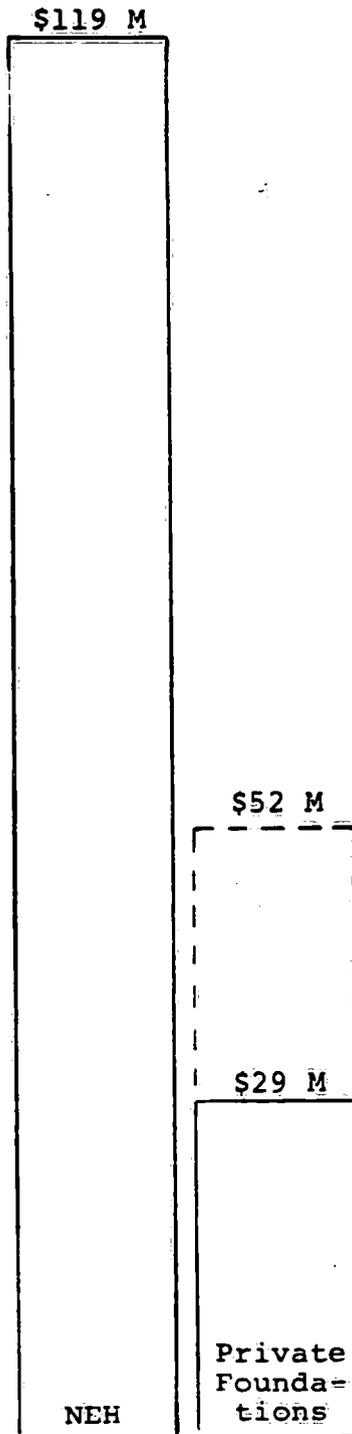
③ Based on a grant-by-grant analysis of all grants of \$100,000 or more by the 30 largest foundations, directed specifically to the humanities.

④ A rough estimate of the total of all grants to the humanities by these foundations, including all grants over \$5,000 and an estimate of grants for which the humanities were a second or third field of interest. The distribution of this larger total by category was done on a straight pro-rata basis, even though we doubt that in fact the proportions would remain the same. Thus, these estimates by category are only crude extrapolations. (See text for a further discussion.)

⑤ This small number reflects the relative lack of grants by the large private foundations to state organizations; of course, many of these foundations made numerous grants to local and regional activities and organizations of special importance to the foundation in question.

CHART 1

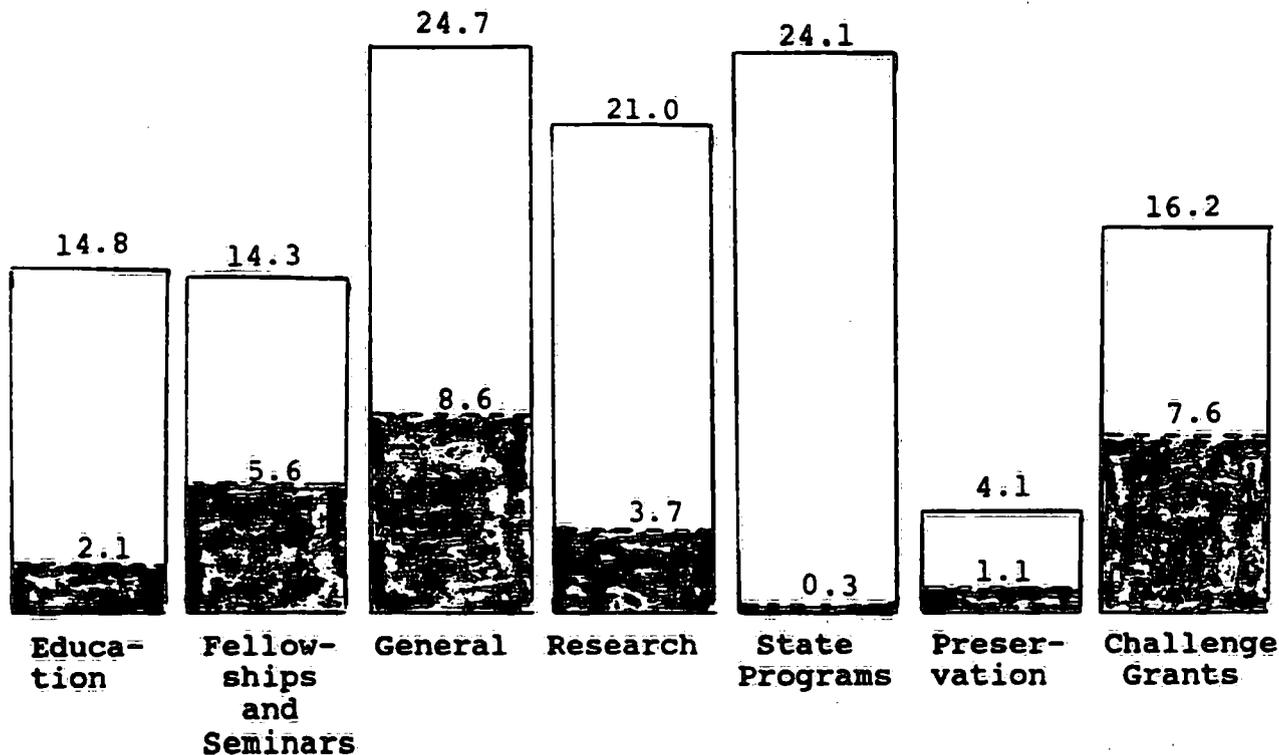
SUPPORT FOR THE HUMANITIES FROM THE NEH
AND THE 30 LARGEST PRIVATE FOUNDATIONS
IN 1986 (in millions of dollars)



Note: The solid line for private foundations shows grants of \$100,000 or more by the 30 largest foundations, directed specifically to the humanities. The (higher) dashed line is an estimate of what this total might have been if all grants over \$5,000 were included as well as grants for which the humanities were a second or third field of interest. (See notes to Table 1 and text for further explanation.)

CHART 2

SUPPORT FOR THE HUMANITIES, BY CATEGORY,
FROM THE NEH AND THE 30 LARGEST PRIVATE FOUNDATIONS
IN 1986 (in millions of dollars)



Legend: — Grants by NEH.

----- Grants of \$100,000 or more by the 30 largest private foundations, directed specifically to the humanities.