



NATIONAL ENDOWMENT FOR THE HUMANITIES

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**PERFORMANCE & ACCOUNTABILITY REPORT
FISCAL YEAR 2008**

November 17, 2008

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NATIONAL ENDOWMENT FOR THE HUMANITIES

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Fiscal Year 2008**

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NATIONAL ENDOWMENT FOR THE HUMANITIES

1100 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20506



November 17, 2008

THE CHAIRMAN

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 2008. 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. Identifying excellence in the humanities enables and furthers the study of history and culture, thereby enriching the lives of all Americans and better equipping them to participate fully as citizens in our ongoing experiment in democracy.

We are confident that the data and information contained in this annual Performance and Accountability Report will clearly demonstrate the continuing value and importance of our programs and activities to the American people.

Some of our notable accomplishments during fiscal year 2008 include:

- The continuing success of the Endowment's *We the People* program, which was launched in 2002 at a special White House Rose Garden ceremony. Since that time, NEH has supported more than 1,600 projects and put in place an array of dynamic new programs that are strengthening the teaching, study, and understanding of American history and culture. In FY 2008, the Endowment implemented a major new component of the *We the People*, called *Picturing America*, which is placing high quality reproductions of iconic works of American art in tens of thousands of the nation's schools and public libraries.
- Fiscal year 2008 was the second year of grants under the Endowment's new, agency-wide effort to encourage and support 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

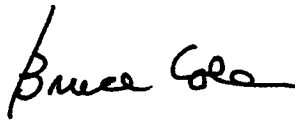
the American public. Over the past two years NEH has awarded 87 grants totaling \$5.5 million in support of projects responsive to our special initiative. In fiscal year 2008, the Endowment received its first appropriation of dedicated funding for digital humanities projects. These appropriated funds were supplemented by additional resources obtained through partnerships with other agencies and organizations, both here and abroad, having similar interests.

- NEH put in place a number of international collaborations designed to encourage global engagement in the humanities. This activity is in keeping with the statutory charge in our enabling legislation to “foster international programs and exchanges.” In October 2007, for example, NEH and the Consiglio Nazionale delle Ricerche (National Research Council, or “CNR”) of Italy signed a memorandum of understanding to encourage scholarly collaboration in the humanities. NEH and CNR began their collaboration by jointly sponsoring a conference, “Using New Technologies to Explore Cultural Heritage,” hosted at NEH headquarters. The conference brought together American and Italian scholars and technology experts to discuss the use of digital tools to preserve and study cultural heritage. Another follow-up conference involving U.S. and Italian scholars was convened in the spring of 2008 in Florence, Italy.
- NEH also developed a cooperative program with the United Kingdom’s Joint Information Systems Committee (JISC) to support joint digitization projects in the humanities. The JISC/NEH grant program encourages international collaboration on humanities projects of value to scholars worldwide. Five JISC/NEH Transatlantic Digitization Collaboration Grant awardees received over \$600,000 in funding from NEH. Award recipients in the U.S. and U.K. are working together to create digital archives, centralize holdings, and develop tools to improve humanities research online. These projects embody the best of the digital humanities and advance the mission of the Endowment in new and dynamic ways.
- NEH continued to strengthen ongoing strategic partnerships and to forge new alliances with other agencies and nonprofit organizations in an effort to broaden the reach of our programs. These partnerships include a long-term collaboration with the Library of Congress to digitize historic American newspapers and mount them online; a unique initiative with the National Science Foundation to record, document, archive, and study the estimated 3,000 spoken languages in the world that are in danger of extinction; a cooperative agreement with the American Library Association in support of the NEH *We the People Bookshelf* program; a partnership with the Japan-United States Friendship Commission to support American scholarship on

Cole, B.
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Japanese history, politics, and culture; and a partnership with the Library of Congress in support of the Library's Kluge Fellows Program, which enables junior scholars from the U.S. and abroad to conduct research in the Library's rich humanities collections.

The financial and performance data contained in this report are, to the best of my knowledge, reliable and complete. I can also state with confidence that the National Endowment for the Humanities is in substantial 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 "Bruce Cole". The signature is written in a cursive style with a prominent initial "B".

Bruce Cole



NATIONAL ENDOWMENT FOR THE HUMANITIES

PERFORMANCE AND ACCOUNTABILITY REPORT Fiscal Year 2008

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 Endowment helps Americans develop "wisdom and vision" by expanding their knowledge of human history, thought, and culture. NEH grants are awarded to the nation's educational and cultural institutions, such as museums, archives, libraries, colleges, universities, and public television and radio stations. The agency also provides grants to individuals to undertake advanced research and scholarship in the humanities.

The Endowment 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. Advising the 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). These programs are complemented by an agency-wide program—called *We the People*—that encourages and supports projects on the teaching, study, and understanding of American history and culture. The Office of Digital Humanities also coordinates Endowment-wide efforts to

foster the growth of digital technologies in research, education, preservation, and public programming in the humanities.

The agency's grant programs receive more than 4,300 grant applications annually. 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 700 scholars, teachers, museum curators, filmmakers, and other humanities professionals and experts serve on the approximately 160 panels that were convened in 2008. Panelists represent a diversity of disciplinary, institutional, regional, and cultural backgrounds. The advice of these evaluators is assembled by NEH staff, who may comment on matters of fact or on significant issues that would otherwise be missing from the review. These 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 1,040 humanities projects received funding from NEH in FY 2008. In addition, working in tandem with our partners at the American Library Association, the agency provided more than 27,500 schools and libraries across the nation with free Picturing America educational resources. Picturing America is a program that is helping to teach American history and culture by bringing some of our nation's greatest works of art directly to classrooms and public libraries. Another 3,000 grants were made through the agency's cooperative agreement with the American Library Association in support of the Endowment'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 Most 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—is informed by nine 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.

We have performance indicators in place for each of these objectives (see the Performance Information section of this report, beginning on page 15). The indicators help us assess the outcomes of the projects we support and the extent to which they advance the agency's long-term goals. Because FY 2008 has only just concluded, however, we cannot report on actual outcomes related to most of our grant-making activity during the year. This is because the vast majority of projects we support 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 accrue until many years after the grant has been completed—for example, fellowships and stipends awarded to scholars to conduct advanced research in the humanities usually will not result in the publication of books or essays until five or more years after the grant period has ended. The outcomes of these grants will thus need to be reported in future performance reports.

The results of NEH grants awarded in prior years suggest that our programs continue to be effective instruments in advancing the Endowment's goals and objectives. One notable highlight of the last several years is the continuing impressive record of the agency's *We the People* program. This NEH program, launched in 2002, is aimed at reinvigorating the teaching, study, and understanding of American history and culture. The program is a response to the findings of numerous studies and reports that have repeatedly shown that Americans—particularly young people—do not know their nation's history as well as they should.

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

- More than 1,600 grant applications submitted to the agency's programs have received *We the People* funds for meritorious projects on American history and culture. In addition, in FY 2008, more than 27,500 schools and libraries received educational materials through the agency's new, path-breaking Picturing America program. Picturing America is an innovative, free resource that provides

- educators with an engaging way to teach American history and other subjects through the use of significant images from our country's art.
- 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.
 - A new "Landmarks of American History and Culture" program was created 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 113 workshops, serving more than 10,000 school teachers and community college faculty.
 - NEH and the Library of Congress forged a partnership to support a new "National Digital Newspaper Program" to begin converting microfilm of newspapers from 1836 to 1922 into fully searchable digital files and to mount the files on the Internet. In 2005, NEH made six initial awards to digitize newspapers published in Virginia, California, Florida, Kentucky, Utah, and New York during the decade of 1900 to 1910. A prototype of the first 250,000 pages of these newspapers has been posted on the Library of Congress's "Chronicling America" website. The new awards made in FY 2008 will contribute many thousands of additional pages to the database.
 - 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 ALA have distributed free sets of classic works of literature to more than 9,000 libraries nationwide, all based on themes central to our history.

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.
- Rigorous summer institutes and seminars help thousands of school and college teachers deepen their knowledge of a broad range of important humanities subjects related to their teaching. These intellectually refreshed teachers reach tens of thousands of American school children annually.
- Historically and culturally important holdings of the nation's libraries, archives, and museums are preserved and made accessible to scholars, students, and the

public. For example, NEH-supported projects annually preserve the intellectual content of thousands of books and hundreds of thousands of pages of U.S. newspapers and catalogue and preserve hundreds of thousands of archival documents, photographs, manuscripts, and objects of archaeological, ethnographic, and historical importance.

- 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. One such project—Ken Burns's epic World War II series, "The War"—aired to great critical acclaim and garnered record-breaking viewing audiences.
- The agency has continued 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. As previously noted in this report, two years ago NEH implemented a new, agency-wide effort to help to facilitate the use of digital technologies in the ways the humanities are researched, taught, studied, and presented throughout the nation. This focused effort builds on the Endowment's many contributions to the digital humanities over the years and grows out of the proceedings of a major conference we 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, which was sponsored by the American Council of Learned Societies. Five new digital programs were established in FY 2007 and other new grant categories were added in FY 2008. More than half of the projects awarded to date went to scholars who had never received NEH grants, which indicates that the initiative 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. Reviewers who serve in our application review system, for example, not only evaluate 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. Award 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.

From time to time, we also conduct surveys to assess the impact of projects and to gauge the effectiveness of our programming. For example, in 2004 we surveyed approximately 2,000 school teachers who attended Endowment-supported summer seminars and

institutes between 1999 and 2002 to assess the quality of these programs and the impact they had on participants' teaching and professional lives. Responses indicated extremely high levels of satisfaction: More than nine out of ten (94%) teachers judged the overall quality of the seminar or institute they attended to be excellent or very good, and 93% compared seminars and institutes favorably to other (non-NEH) professional development opportunities for teachers. In 2006, we surveyed grantees in our Preservation Assistance Grants program, which provided small (\$5,000) grants to archives, libraries, museums and historical organizations to improve the institution's capacity to preserve its holdings and use its collections more effectively for work in the humanities. These are mostly small- and mid-sized institutions that normally do not avail themselves of the agency's other funding opportunities. The survey indicated that the program has helped these institutions preserve their humanities collections. And, in FY 2007, we canvassed K-12 school teachers who participated in workshops supported through our new Landmarks of American History and Culture program, one of the Endowment's signature *We the People* grant programs.

NEH also occasionally convenes groups of experts to advise us on the state of various fields, disciplines, and subjects in the humanities. As previously noted, for example, we convened a meeting of scholars, educators, computer scientists, and other technology specialists to advise us as to how we might enhance our support for humanities projects involving the use of digital technologies. The meeting yielded many excellent recommendations, which helped us to develop our new Digital Humanities programming, a long-term strategy for promoting projects at the nexus of the humanities and technology. We also hosted a "Summit Meeting of Digital Humanities Centers" to exchange ideas and discuss research agendas. The meeting brought together leading scholars and institutions in the field, as well as public and private funders.

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 Section of the 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 they are for 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 with the U.S. Treasury of \$136.7 million. This balance principally represents funds to be paid in future years for grants awarded in fiscal year 2008 and prior fiscal years.

Of the total \$26.4 million in liabilities, the Endowment's most significant liability is the grant liability of \$22.2 million. This liability represents an accrual for the amount of estimated unreimbursed grantee expenses, as of September 30, 2008.

The Endowment's net position consists primarily of an unexpended appropriation of \$111.0 million. 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.

Statement of Net Cost

The Endowment's net cost of operations is \$144.4 million. This amount 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. There is no significant change in the net cost between fiscal years 2007 and 2008.

Statement of Changes in Net Position

This statement's format is designed to display both components of net position separately to enable the user to better understand the nature of Changes to Net Position as a whole. There is no significant change in the net position between fiscal years 2007 and 2008.

Statement of Budgetary Resources

This statement 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. For fiscal year 2008, the Endowment had \$155.5 million in budgetary resources principally from funds appropriated by the U.S. Congress. The Endowment had net outlays of \$139.1 million for fiscal year 2008. There is no significant change in the net outlays between fiscal years 2007 and 2008.

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 2008 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 2008 review, NEH assures that its internal management controls are adequate and effective for controlling waste, fraud, abuse, and mismanagement of resources. This said, the annual review highlighted several management shortcomings that the agency will need to address in the coming year. Of particular and continuing concern is the improving but still-spotty record of NEH managers in preparing and submitting employee performance appraisals on a timely basis. The Endowment will make a renewed effort to improve its record in this area in the coming year.

In his own independent review of the responses to NEH's FY 2008 internal controls questionnaire, the Inspector General made the following observations:

NEH continues to make significant progress in taking corrective action as suggested by the independent public accountants and the Office of Inspector General regarding the Oracle accounting system. With the Accounting Office, Office of Information Resources Management, and Administrative Services Office, working under the Assistant Chairman for Planning and Operations, continuous improvements are being made. NEH staff has provided positive results concerning the accounting systems and we commend them for their work.

Possible Future Effects of Existing Events and Conditions

Renewed uncertainty over NEH's future in the Old Post Office (OPO) building presents the agency with a variety of planning and budgetary challenges. The recently enacted "Old Post Office Building Redevelopment Act of 2008" 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." The enactment of this legislation may pose significant financial and administrative challenges for the agency. Should GSA find the resources to carry out the requirements of the legislation, NEH will need to act quickly to assure that we acquire suitable space at a rental rate we can afford, while also gearing up to manage the myriad logistical details that are associated with a relocation of this scale.

Other Management Information, Initiatives, and Issues

In fiscal year 2008, NEH continued to be a key player in helping to advance an important component of the President's Management Agenda: "Expanded Electronic Government." Among our many accomplishments in this area are the following:

Grants.gov

The NEH has been actively participating in the Grants.gov project, the federal government's online portal for grant-making agencies. The Endowment has all of the agency's funding opportunities posted on Grants.gov FIND, the comprehensive listing of federal grant opportunities. The Endowment built, tested, and deployed a "system to system interface" that allows us to receive applications electronically from Grants.gov and import them directly into our Grants Management System. This interface was developed in-house at no cost.

An NEH staff member serves on the Grants Executive Board (GEB), which has oversight of the Grants.gov program. At the request of NEH and other smaller grant-making agencies, the GEB reduced the Endowment's yearly monetary contribution to the Department of Health and Human Services (HHS), the agency that manages this government-wide program, from \$226,340 to \$134,000 in FY 2008. NEH's payments to HHS help fund the Grants.gov "Help Desk." This means that the Endowment's applicants can call or e-mail the "Help Desk" Monday-Friday to receive assistance about applying for government grants via Grants.gov.

Grants.gov makes it possible for NEH to receive grant applications completely electronically. Because this enables us to view and route applications electronically, NEH's peer reviewers can now read and evaluate applications online via the Web. Receiving applications electronically also allows us to save thousands of dollars in photocopying costs. In addition, since applicant information is imported automatically from Grants.gov, NEH staff no longer has to key this information manually into our grants database.

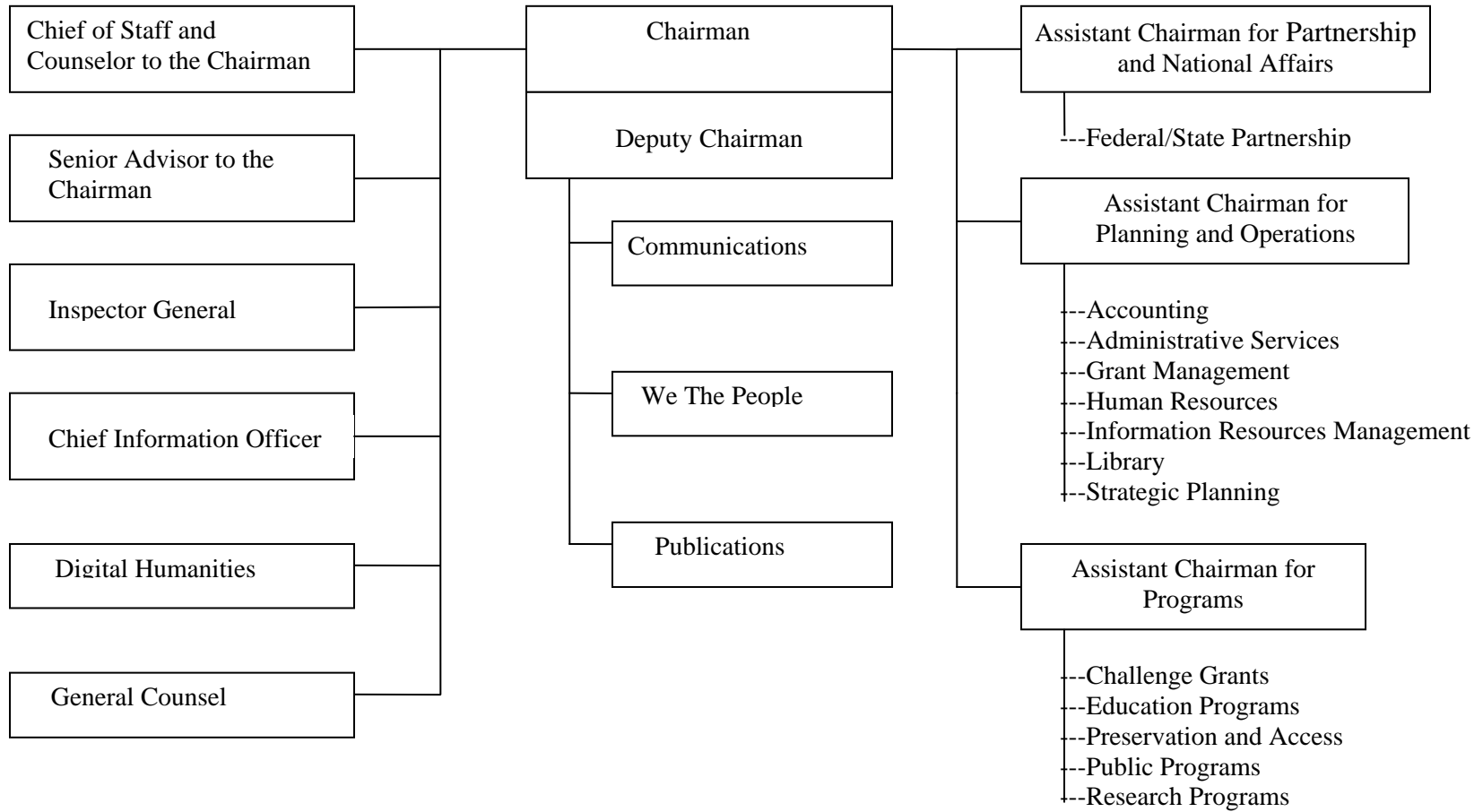
Grants Management

The NEH Grants Management System is a robust yet flexible system that has proven remarkably adept at managing NEH's grant-making needs. For the last two years, the Endowment has been cross-servicing the grant management needs of the National Archives and Records Administration (at a reimbursable cost for services provided). In FY 2008, OMB permitted NEH to maintain this "strategic partnership" and to offer it to other small grant-making agencies. Accordingly, in FY 2009, we will begin cross-servicing the National Endowment for the Arts (NEA). We believe OMB's ruling is equally good news for the National Archives and NEA. The National Archives has been very happy using NEH's system to manage their grants, and from our preliminary conversations with NEA, we expect that they will be similarly pleased.

E-Official Personnel File (e-OPF)

This project enables federal agencies to digitize employees' official personnel files, thus making possible immediate, desktop access to their key records. To save on costs, NEH has joined a consortium of other small agencies to undertake the needed planning and developmental work. By working through the consortium, participating agencies may realize savings of up to 40 percent, as compared to going it alone.

National Endowment for the Humanities



NATIONAL ENDOWMENT FOR THE HUMANITIES

1100 PENNSYLVANIA AVENUE, N.W.

WASHINGTON, D.C. 20506



THE CHAIRMAN

**Fiscal Year 2008
Performance and Accountability Report**

~Management Assurances~

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 reasonable assurance for FY 2008 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 reasonable 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 2008.

A handwritten signature in black ink, appearing to read "Bruce Cole". The signature is written in a cursive style with a long horizontal stroke at the end.

Bruce Cole
Chairman

November 17, 2008

II. PERFORMANCE INFORMATION

Summary of FY 2008 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 2008 are (or will be) the following:

- Picturing America is helping to spark a vibrant and 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. In FY 2008, the Endowment awarded Picturing America to over 27,500 schools and public libraries nationwide.
- “Landmarks of American History and Culture,” supported through the agency’s *We the People* program, offered week-long workshops for 2,000 school teachers during the summer of 2008. Involving leading scholars and educators, the workshops took place at important historical sites around the country.
- Projects supported in FY 2008 through the National Digital Newspaper Program, in partnership with the Library of Congress, are creating hundreds of thousands of digitized newspaper pages published between 1880 and 1910.
- Each of the 56 state humanities councils conducted programs in conjunction with the Endowment’s *We the People* program and 3,000 public libraries received a set of *We the People Bookshelf* volumes and public program materials on the 2008 theme, “Created Equal.”
- The Endowment’s new 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. Through this agency-wide programming, NEH fosters 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 more than \$5 million for 57 projects in seven newly established digital grant categories.

- Books, journal articles, and conference presentations will be produced by nearly every one of the 168 recipients of an NEH research fellowship or stipend and the 44 scholars who will conduct sabbatical projects at an NEH-supported independent research center.
- Rigorous institutes and seminars for approximately 1,000 school and college teachers will take place over four to six weeks during the summer of 2009. Under the guidance of college and university faculty, the participants will deepen their knowledge of a variety of subjects related to their teaching.
- A variety of “Teaching and Learning Resources” projects are helping to strengthen course curricula and develop new teaching materials for American classrooms. For example, Shimer College in Waukegan, Illinois, is integrating great art works into the college’s rigorous Great Books core curriculum; and the University of Texas, Austin is creating online access to the digital assets of Presidential libraries, including a timeline of twentieth-century Presidential administrations.
- The conclusion or continuation of projects to create major reference works, including additional volumes of the *Encyclopaedia Iranica*, a multi-volume scholarly resource on the Near East and Central Asia; of *The Pennsylvania Sumerian Dictionary*; of the *Chicago Hittite Dictionary*; and of the *Dictionary of American Regional English*.
- Seven grants totaling nearly \$1 million were awarded 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. Previously supported productions for television and radio, for example, won two Emmys and three Peabody awards in 2005 and 2006.
- 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 2011 will total nearly \$38 million.
- 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.

- NEH and the Consiglio Nazionale delle Ricerche (National Research Council, or “CNR”) of Italy signed a memorandum of understanding to encourage scholarly collaboration in the humanities. NEH and CNR began their collaboration by jointly sponsoring a conference at NEH headquarters that brought together American and Italian scholars and technology experts to discuss the use of digital tools to preserve and study cultural heritage. Another follow-up conference of scholars was convened in Florence, Italy in the spring of 2008.
- NEH and the Higher Education Funding Council for England, acting through the Joint Information Systems Committee (JISC), made five awards for projects that will create digital archives, centralize holdings, and develop tools to improve humanities research online. For example, the Folger Shakespeare Library received support to conduct a transatlantic digital collaboration with the University of Oxford to create the Shakespeare Quartos Archive, which will reunite all seventy-five pre-1641 quarto editions of Shakespeare's plays into a single online collection.

Fiscal Year 2008 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 2008. The purpose of this section of the report is to compare performance levels anticipated for fiscal year 2008 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 2005 through 2007 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 2008 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.

PERFORMANCE GOALS:

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

PERFORMANCE INDICATORS: [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.]

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 2008: Support was provided for *190***168** individual scholars to make significant progress on important humanities research projects through fellowships and stipends. [Note: In FY 2008, NEH increased the dollar

amounts of its full-year fellowships and two-month summer stipends, which resulted in fewer grants awarded.]

- FY 2007: Support was provided for 250/**251** individual scholars to make significant progress on important humanities research projects through fellowships and stipends.
- FY 2006: Funding enabled 268/**257** individual scholars to make significant progress on important humanities research projects through fellowships and stipends.
- FY 2005: Funding enabled 323/**323** 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 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.
- FY 2006: Support was provided for 44/**51** 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, 48/**48** previously awarded grants were provided ongoing support through NEH matching funds, in part through the use of *We the People* funding.
- FY 2005: Support was provided for 43/**43** 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, 47/**47** 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 2008: Awards to 23/**18** humanities fellowship programs at independent research institutions are supporting the work of 73/(44) humanities scholars who 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 making significant contributions to scholarship in the humanities.
- FY 2006: Awards to 25/**24** humanities fellowship programs at independent research institutions are supporting the work of 90/**77** humanities scholars who will make significant contributions to scholarship in the humanities.
- FY 2005: Awards to 28/**21** humanities fellowship programs at independent research institutions are supporting the work of 90/**84** 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 2008: Support is enabling 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.
- FY 2006: Support enabled 10/**9** 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 2005: Support enabled 15/**15** 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 2008 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 approximately 5,300 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 2008.

FY 2008 accomplishments. The Endowment facilitates basic research and original scholarship in the humanities primarily through two programs: NEH Fellowships and Stipends, which supports focused, sustained work by individual scholars; and Collaborative Research, which supports long-term, complex projects carried out by groups of scholars. Intensely competitive, NEH research grants are among the most coveted by American scholars.

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.

[1] The Fellowships and Stipends Program provides opportunities for individual scholars and teachers to undertake advanced research in the humanities. There are several award categories: six- to twelve-month fellowships for university and college teachers and independent scholars; short-term stipends for the summer months; and Faculty Research Awards for historically black, Hispanic-serving, and tribal colleges and universities. In FY 2008, the Endowment increased the dollar amounts of its one-year Fellowships to \$50,400 and the two-month Summer Stipends to \$6,000. 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. NEH carries out the evaluation of applications and serves as fiscal agent for the program. The Kluge and Japan-U.S. Friendship Commission

competitions provide for several jointly funded fellowship awards, as well. 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.

The intellectual impact of NEH Fellowships and Summer Stipends is not confined to the academy. Many fellowship-supported projects have enjoyed broad appeal and have been published by major trade publishers, including, most recently, Joseph Horowitz's *Classical Music in America*, Harvey Kaye's *Thomas Paine and the Promise of America*, and Catherine Clinton's *Harriet Tubman: The Road to Freedom*. A fellowship to Martin J. Sherwin, Professor of History at Tufts University, resulted in the publication (with co-author Kai Bird) of *American Prometheus: The Triumph and Tragedy of J. Robert Oppenheimer*, which received the 2006 Pulitzer Prize in Biography. Fourteen Pulitzer Prizes, in fact, have been awarded to the products of the agency's Fellowships and Summer Stipends programs.

[2] The Collaborative Research program includes three categories— Scholarly Editions, Collaborative Research, and Fellowship Programs at Independent Research Institutions. Through these grants, the Endowment supports scholarly activities that entail the collaboration of many scholars working across a wide range of specialties or scholars working alongside one another in research centers and archives.

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 statesmen as George Washington, John Adams, Abraham Lincoln, Ulysses S. Grant, and Dwight D. Eisenhower, and such towering literary figures as Ralph Waldo Emerson and Ernest Hemingway. By making America's history and literature more readily available to scholars, teachers, students, and the public, such projects help assure that current and future generations understand this nation's achievements and guiding principles. These projects have played a key role in furthering the mission of the Endowment's *We the People* program.

Collaborative Research grants support teams of researchers involved in a variety of large-scale projects, including translations of multi-volume works, archaeological research, scholarly conferences, and wide-ranging syntheses of great importance to the humanities. The results of these projects are published either as traditional print publications or increasingly in digital format on the Internet. For example, an NEH-supported group of researchers created "Aquae Urbis Romae, the Waters of the City of Rome," an interactive website featuring the cartographic history of water systems in ancient Rome. Other recent Collaborative Research awards have supported an annotated English translation of the correspondence of American Lutheran leader Heinrich Melchior Mühlenberg (1711-

1787), the preparation of an illustrated volume on ancient Corinth's stone architecture, an archaeological excavation of a site in present-day Turkey that was a provincial capital of the Late Assyrian Empire, a volume on the history of Islam, and a scholarly translation of a collection of ancient Jewish writings, including the Dead Sea Scrolls.

[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's FPIRI fellows have a long and distinguished publications record. For example, Christopher Brown, a fellow at the Omohundro Institute of Early American History and Culture in Williamsburg, Virginia, recently published *Moral Capital: Foundations of British Abolitionism*. Wayne Franklin's fellowship at the American Antiquarian Society in Worcester, Massachusetts, supported research that led to the recent publication of the first volume of a projected two-volume biography, *James Fenimore Cooper, the Early Years*.

[4] As part of the agency's efforts to extend the reach of its grant opportunities, the Endowment offers a program to support faculty research at institutions designated by Presidential Executive Orders 13230, 13256, and 13270. This program currently provides fellowship awards to humanities scholars at the nation's 430 historically black colleges and universities, institutions with high Hispanic enrollment, and tribal colleges and universities. The awards are offered for up to full-year periods at a maximum stipend of \$50,400; they are submitted at the same time and evaluated with the same rigor as fellowship applications. Faculty who recently received awards are exploring a wide variety of humanities subjects, such as "Good Business in a Global Age: A History of Ethics, Responsibility, and American Economic Expansion," "An Environmental History of China," "The Lives and Writings of Indigenous Nuns in Colonial Mexico," and "Cicero's Ethics."

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

PERFORMANCE INDICATORS: [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.]

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

- FY 2008: Support for **52/50** NEH summer seminars and institutes will enable *520/(500)* college teachers and *520/(500)* school teachers to revitalize their knowledge and teaching of the humanities. College teachers participating in

seminars and institutes during the summer of 2009 will reach approximately 91,000/(87,500) students annually; school teacher participants will reach approximately 65,000/(62,500) students annually.

Seventeen/7 Faculty Humanities Workshops are enabling 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 will reach approximately 50,000/(23,875) students annually. [Note: This was the last round of grants in this program, which has been discontinued and replaced by a new grant category of Digital Humanities Workshops (see below).]

Support for 20/20 “Landmarks of American History and Culture” workshops during the summer of 2008 enabled 2,000/(2,000) 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 250,000/(250,000) students. Through a partnership of NEH and the U.S. Department of State, selected “Landmarks” workshops invited participation by teachers from other nations.

Support for 6/6 “Landmarks of American History and Culture for Community College Faculty” workshops during the summer of 2008 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 will reach 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 participating in seminars and institutes during the summer of 2008 will reach approximately 94,000/(63,000) students annually; school teacher participants will 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 will reach approximately 50,000/42,000 students annually.

Support for 19/19 “Landmarks of American History and Culture” workshops during the summer of 2007 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 will annually reach 234,375/234,375 students. Through a partnership of NEH and the U.S. Department of State, selected “Landmarks” workshops invited participation by teachers from other nations.

A new competition, Digital Humanities Workshops, was conducted in FY 2007 through a Request for Proposals (RFP). Four/2 Digital Humanities Workshops enabled 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 will then reach approximately 19,000/12,750 students annually.

- FY 2006: Support for 54/48 NEH summer seminars and institutes enabled 535/499 college teachers and 560/440 school teachers to revitalize their knowledge and teaching of the humanities. College teachers participating in seminars and institutes during the summer of 2007 will reach approximately 94,000/87,325 students annually; school teacher participants will reach 70,000/55,000 students annually.

Because the deadline for the program was moved from April to September, there were no Faculty Humanities Workshops awards during FY 2006.

Support for 19/19 Landmarks of American History and Culture workshops during the summer of 2006 enabled 2,000/1,724 school teachers to revitalize their knowledge and teaching of American history and culture, particularly as it relates to the relationship between specific sites and the episodes in history associated with that location. These teachers will reach 242,000/215,500 students annually.

Support for 12/12 “Landmarks of American History and Culture for Community College Faculty” workshops during the summers of 2006 and 2007 enabled 500/559 community college teachers to reach approximately 88,000/97,825 students annually with their revitalized knowledge, understanding, appreciation, and teaching of American history and culture, particularly as it relates to the relationship between specific sites and the episodes in history associated with them.

- FY 2005: Support for 48 NEH summer seminars and institutes enabled 400/374 college teachers and 520/562 school teachers to revitalize their knowledge and teaching of the humanities. College teachers participating in seminars and institutes during the summer of 2006 will reach 70,000/60,000

students annually; school teacher participants will reach approximately *65,000/70,000* students annually.

Sixteen Faculty Humanities Workshops enabled groups of school and/or college teachers (totaling **300**) to work together on the study of specific humanities topics or the planning and designing of new courses. Workshop participants are reaching approximately **37,500** students annually.

Support for 15 Landmarks of American History workshops enabled *1,600/1,511* 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 that have taken place at that location. These teachers will reach *190,000/188,875* students.

Support for 5 projects under the new category, “Landmarks of American History for Community College Faculty,” enabled *200/190* community college teachers to reach *35,000/33,000* students 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 associated with them.

2) Support is provided for efforts to develop new teaching and learning resources, particularly in digitized forms.

- FY 2008: *Twelve/6* Teaching and Learning Resources (Materials Development and Curriculum Development) projects helped to improve the quality and dissemination of instructional models and materials for more than *336/(168)* school and college teachers of the humanities, reaching more than *42,000/(21,000)* students annually. [Note: Due to declining applications in recent years, this grant category has been discontinued; the program’s last awards were made FY 2008.]
- FY 2007: *Nineteen/10* Teaching and Learning Resources (Materials Development and Curriculum Development) projects helped to improve the quality and dissemination of instructional models and materials for more than *520/280* school and college teachers of the humanities, reaching more than *63,000/55,000* students annually.
- FY 2006: *Twenty-three/18* Teaching and Learning Resources (Materials Development and Curriculum Development) projects helped to improve the quality and dissemination of instructional models and materials for more than *650/500* school and college teachers of the humanities, reaching more than *90,000/62,500* students annually.
- FY 2005: Eighteen Teaching and Learning Resource awards (Materials Development and Curriculum Development) helped to improve the quality

and dissemination of instructional models and materials for more than 490/490 school and college teachers of the humanities, reaching more than 60,000/61,250 students annually.

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

- 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.
- FY 2006: In FY 2006, the Humanities Initiatives for Faculty replaced the Institutional Grants Program. The Humanities Initiatives for Faculty program provided 9/9 grants to historically black, Hispanic-serving, and tribal colleges and universities to support infrastructure for improvements in humanities instruction.
- FY 2005: The Institutional Grants program provided 6 grants to historically black, Hispanic-serving, and tribal colleges and universities to support infrastructure for improvements in humanities instruction.

ANALYSIS:

Availability of data. Because few of the above education projects supported by the Endowment during FY 2008 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 2008 performance indicators in the FY 2009 PAR.

FY 2008 accomplishments. [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. Increasingly, both seminars and institutes have been integrating the use of digitized materials with printed books and articles.

For the summer of 2008, literature teachers were able to choose seminars or institutes focusing on the plays of William Shakespeare, Chaucer's *Canterbury Tales* and its cultural context, major Arabic novels, and the works of William Butler Yeats. Teachers of history could choose to study the events of 1989 that pre-figured the collapse of Communism in Eastern Europe and the Tiananmen Square student uprising in China, the experience of industrialization in Britain between 1750 and 1850, Africa and the trans-Atlantic slave trade between the 16th and 18th centuries, or the abolitionist movement from the Revolutionary War era to the Civil War. Other seminars and institutes explored the music of Wolfgang Amadeus Mozart in its cultural and historical context, the study of Mesoamerican history and culture through artifacts, architectural remains, and manuscript sources, and the advent of printing and its effects on the religion, history, and literature in England from 1385 to 1685.

The Endowment's Faculty Humanities Workshops program funds institutionally and regionally focused professional development opportunities for school teachers (including charter school teachers and home schooling parents) and college and university faculty. Faculty Humanities Workshops are offered during the school year in or near the communities where teachers live and work. The program complements the longer, residential seminars and institutes that are offered during the summer and whose participants are drawn from across the nation. Awards in this grant category represent considerable breadth and diversity of approaches and subject matter. In FY 2008, in conjunction with the Endowment's Picturing America initiative, eight awards were made for varied training activities to help librarians and K-12 classroom teachers implement programs based on the images and themes of the Picturing America collection, currently being distributed nation-wide.

In FY 2008, as part of the Endowment-wide *We the People* program, Landmarks of American History and Culture grants supported summer workshops for K-12 educators and community college educators to train teachers 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 recently conducted an evaluation of this new program, canvassing school teachers who attended Landmarks workshops during the summer of 2004. Responses indicated extremely high levels of satisfaction: More than nine out of ten (95%) teachers judged the overall quality of the

workshop or workshops that they attended to be excellent or very good, and 86% rated them superior to other (non-NEH) professional development opportunities for teachers.

Digital Humanities Workshops are academically rigorous professional development programs for K-12 educators seeking to use digital resources to strengthen the teaching of the humanities. Workshops offer a cohesive course of study, address well-defined topics, and foster deeper and more informed engagement with the content-rich resources of the Internet, particularly the materials and lesson plans available through NEH's EDSITEment, a nationally recognized gateway to the best humanities materials on the World Wide Web.

[2] NEH's Teaching and Learning Resources program focuses on classroom resources as the deliverable grant product. Curriculum Development Grants help educators marshal the necessary resources to launch broadly based curricular efforts of national significance, such as a recent project at Shimer College in Chicago, Illinois, to integrate great art works into a rigorous Great Books core curriculum. Materials Development Grants support the creation and wide dissemination of print, video, and digital instructional materials. A grant to the University of Pennsylvania, for example, is supporting the development of a website enabling students to examine and synthesize information about the African-American experience in the sixty-block area of Philadelphia that was the subject of W. E. B. Du Bois's classic 1899 study, *The Philadelphia Negro*. The project will use web-based geographic information system interactive mapping, which will allow students to correlate information from a variety of sources, including Du Bois's original data, historical censuses, fire insurance maps, photographs, and newspaper articles.

[3] Awards made in the Humanities Initiatives for Faculty at Presidentially Designated Colleges and Universities grant 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. Each project is organized around a core topic or set of themes. For example, an award to White Earth Tribal and Community College, a tribal college in Mahanomen, Minnesota, in partnership with Itasca Community College, the University of Minnesota-Duluth, and the University of Pennsylvania, would create a digital archive of stories and artifacts to support the preservation and revitalization of the Ojibwe language and culture. The University of Puerto Rico, Rio Piedras, a university with high Hispanic enrollment, received a grant to enable faculty to study the multiple representations of the city in twentieth-century Latin American literature, thus strengthening the content of existing first-year humanities courses at the university. And a grant to Mississippi Valley State University, a historically black university in Itta Bena, Mississippi, will enable faculty and school teachers from the Mississippi Delta to study, in depth, the life and works of Richard Wright, their "native son."

Applications to the program have declined somewhat in recent years. Thus, for the 2008 competition, the Endowment revised the program guidelines, announcing that in addition to welcoming projects on all areas of the humanities, it was particularly interested in receiving grant proposals in American history; world literatures and languages; humanities connections to science, medicine, and technology; and humanities approaches to business, law, and economics. We think this guidelines revision will increase the number of applications to the program and help potential applicants to better focus their projects.

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

PERFORMANCE INDICATORS: [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.]

1) Support is provided to preserve and create intellectual access to humanities collections and resources.

- 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 have concluded.) *One project preserved 200,000 pages of newspapers on microfilm/8 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 2006: Grants were made to *21/22* projects to begin or continue work on the preparation of dictionaries, atlases, encyclopedias, and textbases central to knowledge and understanding of the humanities.

Five/Two awards supported the preservation microfilming of *19,650/2,111* brittle books; *2/2* projects preserved *1,016,667/254,167* pages of newspapers on microfilm; and *20/17* projects preserved and/or provided access to *2,295/5,664* hours of sound and video collections; *4,245 /425* linear feet and *275* cubic feet of archival documents; and *14,950 manuscripts, broadsides, oversize volumes, and other non-print materials/15,625* feet of film, *9,000* photo images, and *500* documents.

Support was provided for *4/1* research and development project concerned with standards and procedures.

- FY 2005: Grants were made to *13/13* projects to begin or continue work on the preparation of dictionaries, atlases, encyclopedias, and textbases central to knowledge and understanding of the humanities

Three awards supported the preservation microfilming of *11,900/8,925* brittle books; three projects preserved *754,849/566,137* pages of newspapers on microfilm and cataloging *1,350/1,012* U.S. newspaper titles; and seventeen projects preserved and/or provided access to *1,247/935* hours of recorded sound collections, *2,993/2,445* linear feet of archival documents, and *317,800/238,350* photographs, manuscripts, broadsides, oversize volumes, and other non-print materials.

Six cooperative agreements supported through the new National Digital Newspaper Program, part of the *We the People* program, digitized hundreds of thousands of microfilm pages of historic newspapers.

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

2) Support is provided to stabilize fragile collections held by American museums, libraries, archives, historical organizations, and other cultural institutions.

- FY 2008: Projects supported are stabilizing or providing documentation for collections at *10/9* institutions, helping to preserve and making available approximately *600,000/(296,143)* historically significant objects as well as *5 million/(383,250)* photographs, books, and library collections, and *11 million feet of film/no film preservation projects were supported*.
- FY 2007: Projects supported are stabilizing or providing documentation for collections at *10/11* institutions, helping to preserve and making available approximately *600,000/600,000* historically significant objects as well as *3.4/8.2* million photographs, books, library collections, and *11 million feet of film/no film preservation projects were supported*.
- FY 2006: Projects supported stabilized or provided documentation for collections at *10/11* institutions, helping to preserve and making available approximately *600,000/182,812* historically significant objects as well as *3.4/2.8* million photographs, books, and library collections, and *0/7,090* linear feet of documents.
- FY 2005: Projects supported stabilized or provided documentation for collections at eight institutions, helping to preserve and make available approximately *426,000/426,000* historically significant objects as well as *8.3/8.3* million photographs and books, and *11/11* million feet of film.

3) 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 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.
- FY 2006: *Eight* awards were made for regional and national education programs that provide training for *3,800/3,800* people in U.S. museums, libraries, archives, and historical organizations.
- FY 2005: *Five* awards were made for regional and national education programs that provide training for *3,400/3,400* people in U.S. museums, libraries, archives, and historical organizations.

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 2008: Projects supported are assisting in preserving collections at *119/119* institutions in all fifty states and two U.S. Territories. Approximately *30/34* percent of the awards were first-time NEH grantees.
- FY 2007: Projects supported assisted in preserving collections at *100/106* institutions in thirty-three states. *Forty/40* percent of the awards went to first-time NEH grantees.
- FY 2006: Projects supported assisted in preserving collections at *175/164* institutions in all fifty states and two U.S. Territories. *Forty/50* percent of the awards went to first-time NEH grantees.
- FY 2005: Projects supported assisted in preserving collections at *114/114* institutions in all fifty states and two U.S. Territories. *Thirty-five/44* percent of the awards went to first-time NEH grantees.

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 2008 will be provided by the respective project directors in their regularly scheduled progress reports. To the extent partial data on FY 2008 activities are available, they are shown in parenthesis above. We expect to be able to report more complete FY 2008 data in the FY 2009 PAR.

FY 2008 accomplishments. [1] The Endowment has long supported the creation of a wide array of humanities research tools and reference works. 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 these are the *Dictionary of American Regional English*, the *American National Biography*, and the *History of Cartography* (a comprehensive account of the evolution of maps and map-making).

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. For example, NEH has been a major supporter of the English Short-Title Catalogue (ESTC), a database of works printed in English-speaking countries from the 1470s to 1800 that has incorporated hundreds of thousands of records from more than two thousand libraries on five continents. By locating additional copies of early printed works, the ESTC provides better access for

researchers. The project has also uncovered many previously unknown works and others that were considered lost.

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. Recent awards have supported the digitization of Cherokee language materials held by the Smithsonian Institution; the digital archiving of linguistic materials from Brazil, Colombia, Costa Rica, Mexico, and Venezuela; and the preparation of a dictionary of Klallam, an Indian language spoken on only three reservations in Washington's Olympic Peninsula and Vancouver Island in Canada.

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. As part of a special NEH initiative to assist Afghanistan in preserving and documenting its cultural resources, a grant was made recently to New York University to digitize thousands of pages of Afghan books, serials, and documents published between 1870 and 1930 and currently held in public and private collections in Afghanistan, the United States, and Europe.

In 2007, NEH and the Institute of Museum and Library Services launched a special grant opportunity called “Advancing Knowledge: The IMLS/NEH Digital Partnership.” This program, which NEH administers, supports projects that involve collaboration among libraries, museums, archives, and universities and that make use of digital technologies to benefit the millions served by the nation’s cultural institutions. This special program made four awards in 2007 and three in 2008. In 2008, NEH also joined with the Joint Information Systems Committee in England to support digitization projects that will rejoin “split” humanities collections that currently exist on either side of the Atlantic and to encourage collaboration between institutions of higher education in both the United States and the United Kingdom. Five awards were made to U.S. institutions in FY 2008.

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, which could be searched 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 would permanently maintain on the World Wide Web.

The National Digital Newspaper Program is a complex, multiyear undertaking that will be implemented in successive phases. To date, the NEH has provided support under this grant category for nine state projects (California, Florida, Kentucky, Minnesota, Nebraska, New York, Texas, Utah, and Virginia), which are creating a test bed of hundreds of thousands of digitized newspaper pages published between 1880 and 1910. These projects have already digitized and submitted to the Library of Congress a large sample of newspaper titles. The selected pages, along with a directory of papers published in the United States from 1690 to the present, are now publicly available through a special Library of Congress website, "Chronicling America."

NEH-supported research and development projects are developing develop tools for preserving and enhancing access to humanities materials. For example, a grant to Tufts University will enable researchers to conduct robust contextual searches of people and places in the ancient world, using Greek and Latin texts in the Perseus Digital Library. George Mason University received support to develop and test a suite of easy-to-use tools for historians to locate, extract, and analyze information from large collections of texts.

[2] In FY 2008 ,the Endowment provided grants to help museums, libraries, archives, and historical organizations preserve important material culture collections through support for improved housing and storage, environmental conditions, security, lighting, and fire protection. Since FY 1990, NEH grants have helped to stabilize and document collections comprising 36 million archaeological, ethnographic, and historical objects as well as 23 million books, photographs, and documents; 17 million feet of film; 8,000 analog and video recordings; 12,000 linear feet of manuscripts, and 9,200 linear feet of archival materials.

[3] 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. For example, recent awards to the Northeast Document Conservation Center in Massachusetts, the Southeastern Library Network in Atlanta, the Midwest Art Conservation Center in Minneapolis, and the Bay Area & Peninsula Library System in San Mateo, California, are supporting preservation surveys, workshops and seminars, and information services to libraries, archives, museums, and historical organizations throughout the country. The Southeastern Library Network's field service program has focused much of its work since Hurricane Katrina on assisting institutions and organizations in the Gulf Coast states to respond to the disaster.

[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.

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

PERFORMANCE INDICATORS: [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.]

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

- FY 2008: *Twenty-seven*/(31) exhibitions, site interpretations, reading and discussion programs, web-based programs, and other public education programs will be presented at *350*/(343) sites involving approximately *3*/(3) million visitors and participants.

Eight/**13** television/radio projects will produce *45*/(52) broadcast hours and draw a cumulative audience of approximately *25*/(25) million people.

- FY 2007: *Twenty-five*/**nine** television/radio projects are producing *67*/(52) broadcast hours and 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 attract over *7*/(5) million visitors.

Sixteen/**Nine** library reading and discussion projects and special projects supported will result in more than *1,150*/(1,360) programs at approximately *260*/(340) sites involving more than *3*/(3) million people.

- FY 2006: *Twenty-one*/**26** television/radio projects supported are producing *44*/(69) broadcast hours and that will draw a cumulative audience of approximately *84*/(98) million people.

Twenty-eight/34 exhibitions supported are being presented at *80/(105)* museums, historical organizations, and other sites across the country and attract over *10/(7)* million visitors.

Twelve/16 library reading and discussion projects and special projects supported are providing more than *1,100/(1,150)* programs at approximately *240/(260)* sites involving more than *3/(3)* million people.

- FY 2005: Twenty-one television/radio projects supported are producing *44/(26)* broadcast hours and drawing a cumulative audience of approximately *84/(84)* million people.

Twenty-nine exhibitions supported were presented at *84/(48)* museums, historical organizations, and other sites across the country and attracting an estimated *10/(10)* million visitors.

Thirteen library reading and discussion projects and special projects supported resulted in more than *1,125/(548)* programs at approximately *250/(137)* sites and drawing an estimated *3/(3)* million people.

2) Support is provided for projects that use digital technologies to convey the humanities to the American public.

- FY 2008: Digital media were supported through the Endowment's existing grant categories.
- FY 2007: Digital media were supported through the Endowment's existing grant categories.
- FY 2006: Digital media were supported through the Endowment's existing grant categories.

3) The Endowment extends its reach by building the capacity of smaller institutions to implement humanities projects through consultation with outside experts.

- FY 2008: Consultation Grants were discontinued in 2008.
- FY 2007: *Thirty-five/13* Consultation grants involved new scholars and humanities professionals in high quality programs for adult audiences.
- FY 2006: *Thirty-five/29* Consultation grants involved new scholars and humanities professionals in high quality programs for adult audiences.
- FY 2005: **Forty-one** Consultation grants involved new scholars and humanities professionals in high quality programs for adult audiences.

4) 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 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.
- FY 2006: *Eighty/113* grants to small and mid-sized libraries reached tribal communities, rural, and inner-city audiences.
- FY 2005: **Forty** 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 2008 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 2008 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.

[1] The Endowment is a major source of support for substantive humanities projects and programs in the nation's historical and cultural institutions and organizations. These projects, all grounded in sound humanities scholarship, include exhibitions of artistic, cultural, and historical artifacts; the interpretation of American historic sites; reading and discussion programs in the nation's libraries; and book and film discussion series, 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 one time, hundreds of NEH-sponsored exhibitions are on view at large and small museums throughout the country, enabling millions of Americans to learn more about their nation and the world through the humanities. Families and children travel through the world of ancient Greece and follow the epic journey of Homer's Odysseus in a new exhibition at the Children's Museum of Manhattan, *Gods, Myths, and Mortals: Discover Ancient Greece*. Featuring creative interactive environments as well as original artifacts, coins, and cast replicas, the exhibition examines Greek mythology, culture, and society and the relationship between the worlds of humans and the divine. NEH also provides support for significant educational interpretation of America's historic sites. For example, a recent grant is supporting an exhibition, *Sailors Speak: Life Aboard Constitution in 1812*," at the U.S.S. Constitution Museum in Boston. Aimed specifically at family audiences, this participatory exhibition explores the daily lives of the officers and crewmen of "Old Ironsides," while explaining how the ship became an important patriotic symbol of the young American republic.

The Endowment supports projects in our nation's libraries as well. For example, a recent grant is developing a series of reading and film discussion programs at 30 public libraries, with a companion website, that will occur simultaneously with the broadcast of the NEH-supported documentary film, *Soul of a People: Voices from the Federal Writers' Project*. By conducting related reading and film discussion programs as the film airs, programs in libraries will deepen public engagement with central ideas of the film: the relationship of regional cultures to national identity, the importance of individuals' stories in American history, the connections of history and literature, and the competing visions of America within the Federal Writers' Project's series of state and local travel guides.

In conjunction with the Endowment's *We the People* program, *We the People Bookshelf* provides public and school libraries throughout the country with a set of featured books to be used in programs designed for their communities. Undertaken with the collaboration of the American Library Association, *We the People Bookshelf* encourages young people to read and understand carefully chosen books that explore themes in American history and democratic principles. The 2008 theme, "Created Equal," was chosen to help celebrate the Abraham Lincoln bicentennial in 2009. Picturing America, another *We the People* program, brings masterpieces of American art into classrooms and libraries nationwide. At no cost, recipients receive a set of large, high-quality reproductions of 40 pieces of great American art and an illustrated teachers resource book with information about the artists and their work. Included in the book are lesson ideas for all grade levels to facilitate the use of the reproductions in core subject areas. In FY 2008, the Endowment awarded Picturing America to over 27,500 schools and public libraries nationwide.

As a way of increasing impact and outreach, NEH has increased the amount of support offered for large-scale projects with national visibility and of compelling interest to the

general public. In FY 2007, a first “Chairman’s Special Award” of \$1,000,000 to the Asian Art Museum of San Francisco supported “The Lost Treasures of Afghanistan,” an exhibition exploring the arts and cultural heritage of ancient Afghanistan. In collaboration with the National Geographic Society and other organizations, the museum is implementing an exhibition, a catalog, a web site, and public educational programs that explore the arts and cultural heritage of ancient Afghanistan. The exhibition, which is traveling with support from the Endowment to four sites—San Francisco, Houston, New York City, and Washington, DC—will reach millions of Americans. In FY 2008, there were two Chairman’s Special Awards, including \$1 million that will enable WGBH Educational Foundation to produce *American Experience: Freedom Riders*, a multiplatform media project on the Freedom Riders, the hundreds of Civil Rights activists who challenged segregation in interstate transport in the American South during the spring and summer of 1961.

NEH-supported media projects—principally film documentaries and radio series—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 opportunities 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 of the subject matter and that have diverse perspectives and approaches.

The Endowment also provided funding for a two-hour documentary on Alexander Hamilton, architect of the modern American economy, champion of a strong central government, and leader of one of the nation’s first political parties. The prime-time broadcast of this film on PBS was accompanied by an extensive website with special features that included an interactive timeline, teacher’s guide, and video streaming. In addition, the Gilder Lehrman Institute of American History in New York created an online exhibition, *Alexander Hamilton and the Creation of the United States*, in support of the television program and distributed it to urban and rural communities throughout the U.S. Another recent film supported by the Endowment, *The Rape of Europa*, is now being shown through theatrical release and at film festivals internationally. Adapted from a National Book Award-winning history by Lynne Nicholas, the documentary tells the story of the looting of European art treasures by the Nazis during World War II and the efforts to restore these artworks to their rightful owners.

NEH-supported radio programs examine the lives of important individuals, significant events, notable developments in the humanities, or the critical analysis of themes or genres. Recent radio projects supported by the NEH include *Afropop Worldwide*, a weekly series showcasing the contemporary musical cultures of Africa and the African Diaspora in the Caribbean, the Americas, and Europe; and *American Routes*, a weekly two-hour documentary program that presents and interprets American vernacular music as an expression of America’s varied cultures and their histories.

[2] For many years, NEH has supported projects that use digital technologies such as virtual exhibitions, interactive websites to accompany television series, and film documentary databases. As part of the agency's Digital Humanities Initiative, the Public Programs division encourages projects that make innovative use of technologies such as PDAs (personal digital assistants), podcasts, blogs, wikis, virtual imaging, video on demand, games and gaming, and other digitally-based interoperable applications.

[3] Consultation Grants were discontinued in 2008.

[4] The Small Grants to Libraries category enables individual libraries to take part in exemplary programs, such as exhibitions on important topics in the humanities, circulated by national organizations and major institutions. Similarly, the NEH on the Road program is designed to extend the useful life and geographic reach of selected NEH-funded exhibitions by reconfiguring them to fit into spaces typically available to small and mid-sized museums.

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

PERFORMANCE INDICATORS: [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.]

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

- **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; 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; and 4) an effort to support digital projects by the state humanities councils. Enhanced funding was also provided through the program for humanities projects supported by NEH's grant-making programs.

- 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; 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; and 4) an effort to expand support of digital projects by the state humanities councils. Enhanced funding was also provided through the initiative for humanities projects supported by NEH grant-making programs.

- FY 2006: 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 2,000 public and school libraries; 2) “Landmarks of American History and Culture” workshops for K-12 teachers and community college faculty; 3) public programs supported through the new “America’s Historic Places” and “Family and Youth Programs in American History” categories; 4) additional awards through the NEH/Library of Congress *National Digital Newspaper Program*; and 5) 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.
 - FY 2005: Significant funding was provided through *We the People* to support a variety of new programmatic initiatives: 1) an “Idea of America” essay contest for eleventh-grade students; 2) the third annual “Heroes of History” lecture; 3) *We the People Bookshelf* grants for up to 1,000 public and school libraries and the creation of a special Armed Forces version; 4) “Landmarks of American History” for K-12 teachers and community college faculty; 5) public programs supported through the new “America’s Historic Places” and “Family and Youth Programs in American History” categories; 6) awards in the NEH/Library of Congress *National Digital Newspaper Program*; and 7) 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.
- 2) Agency-wide initiatives are developed in selected humanities areas.
- 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. Additional 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. Additional awards were made through the NEH/NSF “Documenting Endangered Languages” special initiative.

- FY 2006: “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. Additional awards were made through the NEH/NSF “Documenting Endangered Languages” and “Recovering Iraq’s Past” special initiatives.
- FY 2005: Initial awards were made in a joint NEH/NSF “Documenting Endangered Languages” special initiative; and additional awards will be made through the NEH “Recovering Iraq’s Past” special initiative in support of the Administration’s government-wide initiative. In conjunction with an agency-wide initiative to mark the bicentennial of the Lewis and Clark expedition, the Public Programs division awarded implementation grants to projects in states along the cross-country route taken by the explorers.

ANALYSIS:

FY 2008 accomplishments. [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 2008, *We the People* highlights and accomplishments included the following:

- The Endowment’s *We the People Bookshelf* program, in partnership with the American Library Association, provides classic works of literature to public and school libraries. In FY 2008, NEH awarded 3,000 sets of books on the year’s theme, “Created Equal,” inspired by the 2009 bicentennial year of Abraham Lincoln’s birth. In addition to the books, NEH provided materials to help with publicity and the organization of public programs tied to the readings.
- 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. Workshops have explored such topics as “A Revolution in Government: Philadelphia, American Independence, and the Constitution,” “Congress and the Capitol,” and “African-American History and Culture in the Georgia Lowcountry.” To date, 13,800 K-12 teachers and community college faculty have participated in NEH’s Landmarks workshops.

- Picturing America is helping to spark a vibrant and 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. NEH is sponsoring this initiative in partnership with the American Library Association. In FY 2008, the Endowment awarded Picturing America to over 27,500 schools and public libraries nationwide.
- "Interpreting America's Historic Places," part of the *We the People* program, supported projects that use one or more historic sites to address themes and issues central to American history and culture. Recent grants have supported local programs along the route of Captain John Smith's 1608 Chesapeake voyages; implementation of a website on Williamsburg and the American Revolution; and a permanent interpretive exhibition at the home and studio of Thomas Cole, founder of the Hudson River School of Art. "Family and Youth Programs in American History," another *We the People* program, supported programs that encourage intergenerational learning about and reflection on significant topics in U.S. history and culture. Recent awards have included history exhibits at children's museums in Boston, Brooklyn, and Indianapolis; and history camps for young people on civil rights and other significant chapters in American history.
- 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. For the development phase of the program, the Endowment awarded six cooperative agreements to projects to digitize newspapers published in California, Florida, Kentucky, New York, Utah, and Virginia during the decade of 1900 to 1910. These initial files are now posted on the Library of Congress's "Chronicling America" website. In FY 2008, six additional grants were awarded to begin digitization of newspapers in Arizona, Hawaii, Missouri, Ohio, Pennsylvania, and Washington for eventual inclusion on the website.
- 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. Grantees have included the American Philosophical Society, the University of Notre Dame, the National Constitution Center, Washington College's C.V. Starr Center for the Study of the American Experience, and Colonial Williamsburg Foundation, the latter for staffing, programming, and digital technology acquisitions focusing on the role of African Americans in the founding era of the republic.
- The Endowment provided a significant portion of funds appropriated for the *We the People*, as well as a portion of the agency's annual Treasury matching funds appropriation, to the state councils to help them develop local and statewide activities on American history and culture. These funds supported expanded Chautauqua programs; reading and discussion programs on important events and principles in American history and culture, such as the history of voting, Brown vs. Board of

Education, and westward expansion; public symposia; and expanded teacher institutes in a number of states that enable humanities teachers to be more effective instructors of important topics in American history and culture. The state humanities councils are helping to ensure that *We the People* reaches citizens in every state.

In FY 2008, the Endowment's Digital Humanities program 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. A recent Start-Up grant awarded to the University of Central Florida supported *Come Back to the Fair*, an effort to recreate the 1964-1965 New York World's Fair as a fully interactive 3-D environment.
- Seven Digital Humanities Fellowships were awarded to scholars pursuing advanced research or other projects in the humanities that employ digital technology. For example, a scholar at Colgate University received support to produce a collection of annotated and searchable multimedia materials based on documentaries about the Pashtun tribes on both sides of the Pakistan-Afghanistan border.
- Digital Humanities Workshops are academically rigorous professional development programs for K-12 educators seeking to use digital resources to strengthen the teaching of the humanities. A recent award is supporting a project of Columbia University—in cooperation with the University of Florida at Gainesville and the University of North Texas in Dallas—to develop workshops that will use the resources of Columbia's *Asia for Educators* website to explore topics in early modern China.
- *Advancing Knowledge: The IMLS/NEH Digital Partnership*, a joint effort of the Endowment and the Institute of Museum and Library Services, supports proposals for innovative, collaborative humanities projects using the latest digital technologies for the benefit of the American public, humanities scholarship, and the nation's cultural and educational institutions. A recent grant to the Historical Society of Pennsylvania is supporting development of *PhilaPlace*, an innovative interactive Web resource on the history, culture, and architecture of Philadelphia's neighborhoods.
- The JISC/NEH Transatlantic Digitization Collaboration Grant program, supported by both the NEH and the Higher Education Funding Council for England acting through the Joint Information Systems Committee (JISC), made its first five awards for projects that will create digital archives, centralize holdings, and develop tools to improve humanities research online. For example, the Folger Shakespeare Library received support to conduct a transatlantic digital collaboration with the University of Oxford to create the Shakespeare Quartos Archive, which will reunite all seventy-five pre-1641 quarto editions of Shakespeare's plays into a single online collection.

2) Other agency-wide initiatives were also supported in FY 2008.

- The Endowment’s “Rediscovering Afghanistan” initiative awarded four grants totaling \$329,168 to promote research, education, and public programs about Afghanistan and to encourage United States institutions to assist Afghanistan in efforts to preserve and document its cultural resources.
- The Endowment joined with the National Science Foundation to support an agency-wide initiative on "Documenting Endangered Languages." Seven grants totaling \$941,200 were awarded for 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.

F: To strengthen the institutional base of the humanities.

PERFORMANCE INDICATOR: [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.]

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

- FY 2008: By FY 2011, NEH Challenge Grants awarded in FY 2008 will generate **\$32/(\$38)** 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/(\$38)** million in nonfederal donations to recipient institutions in support of their humanities activities.
- FY 2006: By FY 2009, NEH Challenge Grants awarded in FY 2006 will generate **\$30/(\$35)** million in nonfederal donations to recipient institutions in support of their humanities activities.
- FY 2005: By FY 2008, NEH Challenge Grants awarded in FY 2005 will generate **\$38/(\$38)** million in nonfederal donations to recipient institutions in support of their humanities activities.

ANALYSIS:

Availability of data. By FY 2011, NEH Challenge Grants awarded in FY 2008 will have generated approximately \$38 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 2008 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”: First-time recipients of a challenge grant must match every federal dollar with three nonfederal dollars, and recipients of subsequent awards must raise four nonfederal dollars for every federal dollar.

Both the NEH challenge funds and the matched nonfederal funds can be used for a variety of long-term institutional purposes. Challenge grants can augment or establish endowments that support basic humanities needs such as staff and programming. The money also can be used to purchase capital equipment and upgrade technology, renovate or construct facilities, and add to library holdings or museum collections. 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.

As part of its *We the People* program, the Endowment is inviting 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 National Constitution Center (NCC) has received offers of funds from NEH totaling \$1,500,000 (which will match \$4,500,000 in nonfederal donations) to construct a new gallery for, and to endow ongoing expenses of, a program of temporary educational exhibits illustrating various aspects of the U.S. Constitution. On July 4, 2003 the NCC museum opened in Philadelphia's Independence National Historic Park just two blocks from Independence Hall. The museum addresses the history and contemporary relevance of the Constitution and the principles of constitutional democracy.

Grants awarded in the regular Challenge program, as well as in the special competition, exemplify the goals of *We the People*. In 2005 NEH offered a challenge grant of \$500,000 (matching \$1,500,000 in nonfederal gifts) to the Liberty Memorial Association of Kansas City, Missouri. Liberty Memorial opened in 1926 and was rededicated in 2002. Over 100,000 individuals visit the memorial every year. Its original mission was to memorialize those who fought in World War I, but as the centennial of the war approaches, the organization finds itself taking on a more active educational mission. It now focuses on educating audiences, especially school children grades 5-12, about the historical context of World War I and its relevance for understanding today's events. The challenge grant will support an endowment for a historian/education director, for educational programming, and for related acquisitions—vital support for the institution's shift from static memorial to dynamic educational resource.

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). 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. 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.

NEH Challenge Grants are helping to strengthen humanities teaching and learning. For example, Carnegie Mellon University received a challenge offer of \$500,000 (to match \$1.5 million in nonfederal gifts) to endow a humanities center at the university. Known worldwide for its strong scientific curricula and programs, the university seeks to enhance the status of humanistic inquiry at this technical institution. The center's programs are interdisciplinary and are designed to show the relevance of the humanities to real world problems. The endowment will support external and internal research fellows, a research seminar, and public programming—all focused on an annual theme. Challenge grants also strengthen humanities education in K-12 schools. For example, the Montpelier Foundation in Virginia received an NEH *We the People* challenge offer of \$1 million (to match \$3 million in nonfederal donations) to endow the educational activities of its Center for the Constitution at James Madison's home estate, Montpelier. The endowment will support constitutional study programs for school teachers, as well as in-school programming. Five farmhouses at Montpelier are being renovated to create a retreat facility, a "constitutional village," where teachers will reside for extended conferences and workshops, such as the week-long "James Madison and Constitutional Citizenship" program.

NEH Challenge Grants are facilitating humanities research and scholarship. The American Philosophical Society, for example, is upgrading and planning for long-term support of the digital technology in its world renowned research library. The library houses collections in fields such as early American history, the history of science, medicine, and Native American anthropology. Some of the nation's most treasured documents and artifacts are held in the Society's library, including the complete journals of Lewis and Clark—deposited by order of President Thomas Jefferson—and papers of Benjamin Franklin. The American Philosophical Society library is using its NEH Challenge Grant of \$500,000 (which will match \$2,000,000 in nonfederal donations) to endow costs of ongoing technology that will better preserve these cherished documents and enhance scholars' and the public's access to the society's pre-eminent collections.

Challenge Grants also support the long-term capacity of cultural institutions to preserve manuscripts, art works, artifacts, documents, and other collections important to our

cultural heritage. The Nebraska State Historical Society, for example, received a challenge offer of \$550,000, to match \$1,650,000 in nonfederal donations, to endow a paintings conservator and related conservation expenses at the Gerald R. Ford Conservation Center's (GRFCC) laboratory. Established in 1995, GRFCC is one of twelve regional conservation centers in the United States and one of only three west of the Mississippi River. As a regional facility, GRFCC plays a significant role in the conservation of humanities materials in the central and northern states. The center offers workshops, lectures, and educational programs on conservation, and the staff teaches preventive conservation to students in graduate-level museum studies programs.

Challenge grants also help institutions—such as libraries—enhance their capacity to facilitate lifelong learning. Throughout our nation's history, libraries have played a crucial role as repositories of knowledge and as resources for learning by members of the public. The Redwood Library and Athenaeum of Newport, Rhode Island, for example, was chartered in 1747 and is our nation's oldest lending library. The Redwood's early catalogue illustrates the intellectual climate of the American colonies—what patrons wanted to read as well as what they thought they should read. NEH offered a \$500,000 challenge grant (to match \$1.5 million in nonfederal gifts) to the Redwood for restoration of its historic 1750 building. The restoration and renovation will enhance the library's capacity for public programming and outreach to its community, as well as preserve a building that is itself of historic importance.

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

PERFORMANCE INDICATOR:

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

- **FY 2008:** Support for the programs and operations of 56 state humanities councils is 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.

- **FY 2006:** Support for the programs and operations of fifty-six state humanities councils made possible high quality state and local humanities projects throughout the nation, including 14,479/14,527 reading and discussion programs, 2,292/2,292 exhibitions, 4,477/4,359 literacy programs, 5,448/5,448 speakers bureau presentations, 2,070 /2,070 teacher institutes and workshops, 4,880/4,880 conferences and symposia, 2,222/2,222 Chautauqua events, 7,557/7,509 media program events, 263/263 technology projects, 229/228 preservation projects and 5,285/5,285 local history projects.
- **FY 2005:** Support for the programs and operations of 56 state humanities councils made possible high quality state and local humanities projects throughout the nation, including 12,830/14,351 reading and discussion programs, 3,852/2,678 exhibitions, 5,020/4,686 literacy programs, 5,416/5,609 speakers bureau presentations, 4,472/2,077 teacher institutes and 50 workshops, 6,018/4,679 conferences and symposia, 3,590/2,391 Chautauqua events, 8,833/9,504 media program events, 317/279 technology projects, 930/258 preservation projects and 5,940/4,041 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 2008 are preliminary. Final data will be provided by the councils via a newly instituted electronic submission system.

FY 2008 accomplishments. The Federal/State Partnership links a national federal agency with fifty-six state and jurisdictional humanities councils. This collaborative effort makes humanities education and lifelong learning readily available at the local level, tailored to local interests and needs and drawing upon local resources, traditions and heritage.

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, including \$13.37 million from state legislatures in FY 2007. Thirty-eight per cent of total council income in FY 2007 came from nonfederal sources.

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.

With their strong networks of cultural and educational institutions, state humanities councils are especially well-positioned to ensure that NEH's *We the People* program reaches throughout every state and jurisdiction. State humanities councils are also energetically promoting NEH's *We the People* programming by alerting the citizens of their states to the agency's *We the People Bookshelf* program for public and school libraries and other specific funding opportunities related to this Endowment-wide program.

The state councils receive NEH funding to support designated *We the People* programs focused on topics related to American history and culture. Recent *We the People* activities supported by the councils have included the Virginia Foundation for the Humanities' programs focusing on the 400th anniversary of the Jamestown Colony; the Kansas Humanities Council's initiative *Kansans Tell Their Stories*, which encourages communities to examine the immigrant and ethnic history of the state; a course developed by Humanities Washington primarily for low income women on the distinct American relationship to the landscape; the Illinois Humanities Council's two-CD Illinois Music Heritage set, distributed free to over 2,500 school libraries; and the Vermont Humanities Council's multi-year initiative in commemoration of the 150th anniversary of the Civil War.

Through their support for book festivals, state councils also encourage reading, an Administration priority. These festivals attract large, devoted audiences, featuring writers and poets, storytellers and booksellers, exhibitors and artisans of bookmaking. The nine councils that serve as their state's Center for the Book participate in the annual National Book Festival sponsored by the Library of Congress's Center for the Book and First Lady Laura Bush.

State humanities councils also support reading and discussion programs for children, families, and the newly literate that take place in libraries and other civic spaces; some are run in corrections systems. Programs provide forums for reading and discussion for adults with beginning- to intermediate-level reading ability. These forums help participants to develop the skills and motivation to read, while also encouraging the enjoyment of reading and building participants' confidence to talk about books and ideas. Several councils sponsor seminars that use humanities texts to stimulate discussion about the complex social and ethical issues that professionals face in fields such as medicine,

philanthropy, and law. Eighteen state humanities councils offer “Literature and Medicine: Humanities at the Heart of Health Care,” a program for medical professionals developed by the Maine Humanities Council.

One of NEH’s strategic objectives is to strengthen humanities teaching and learning in schools and colleges, and state councils play an important role in support of this effort. Councils host resource centers that provide books, films, exhibitions, and other materials for teachers to use in classroom activities, and support programming that helps teachers respond at the local level to statewide initiatives and requirements. The Georgia Humanities Council, for example, in partnership with Scholastic Corporation, the children’s book publisher, has produced and disseminated a historical timeline poster to teachers that highlights the *New Georgia Encyclopedia* and the *Digital Library of Georgia*, two of the council’s recently created electronic resources. It has also published *The New Georgia Encyclopedia Companion to Georgia Literature*, a compilation of biographical information on Georgia’s writers from nineteenth century to the present.

Councils also strengthen teaching and learning by creating networks linking institutions of higher learning, secondary schools, state departments of education, and cultural institutions such as museums and libraries. These institutional networks involve collaborations of college and university professors, teachers, parents, and students with the goal of enriching and enlivening humanities classroom activities.

Many teachers look to their state humanities councils for professional development opportunities. For example, the Indiana Humanities Council has developed a teacher institute, which focuses participants on the construction of teachers’ guides aligned with state standards related to humanities subjects, and on high-tech interactive student modules using online learning resources, including primary documents, images, and lesson plans. These plans and modules are then catalogued into the Indiana Humanities Council’s smartDESKTOP’s Resource Connection, a database of links to teacher and student resources. The Minnesota Humanities Center’s professional development program for teachers and educators focuses on the state’s sesquicentennial and the impact of statehood on the Dakota and Ojibwe communities. Grants support scholarly and educational resources for the increasing number of K-12 and college programs in Dakota and Ojibwe languages.

The state councils continue to explore ways to harness the power of digital technology to improve public access to humanities programs at the state and local level. The Arizona Humanities Council, in partnership with the Arizona Office of Tourism, sponsors the interactive, itinerary-building Arizona Heritage Traveler website. This website debuted in September 2005 with almost 300 cultural attractions. The *New Georgia Encyclopedia*—a project of the Georgia Humanities Council in collaboration with the Office of the Governor, the University of Georgia Press, and the University System of Georgia—was launched in February 2004 and had received its millionth hit only four months later. In 2004, *Library Journal* magazine named the encyclopedia a “Best Reference on the Web.”

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 2008: The Endowment developed a number of new partnerships with other institutions and organizations, leveraging approximately \$1.5 million in new funding for humanities programs.
- FY 2007: The Endowment developed a number of new partnerships with other institutions and organizations, leveraging approximately \$1.5 million in new funding for humanities programs.
- FY 2006: The Endowment developed of a number of new partnerships with other institutions and organizations, leveraging approximately \$1.5 million in new funding for humanities programs.
- FY 2005: The Endowment developed of a number of new partnerships with other institutions and organizations, leveraging approximately \$1.5 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 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; 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; 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.

- **FY 2006:** 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; 4) the interagency *Save America's Treasures* initiative; and 5) programmatic collaboration with the National Trust for the Humanities.
- **FY 2005:** 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 Newspaper Program; 3) the Advanced Research Fellowships on Japan Program, jointly sponsored by NEH and the Japan-United States Friendship; 4) the interagency *Save America's Treasures* initiative, and 5) programmatic collaboration with the National Trust for the Humanities.

ANALYSIS:

FY 2008 accomplishments. [2] NEH has entered into formal partnership arrangements with one or more 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. Recently, the Endowment has entered into 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 another example, NEH and the Consiglio Nazionale delle Ricerche (National Research Council, or “CNR”) of Italy recently signed a memorandum of understanding that aims to encourage scholarly collaboration in the humanities. NEH and CNR began their collaboration by jointly sponsoring a conference at NEH headquarters that brought together American and Italian scholars and technology experts to discuss the use of digital tools to preserve and study cultural heritage.

The Endowment has entered into two 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 200 websites selected by peer review panels for their excellent humanities content, interactive design, and usefulness in the classroom. EDSITEment staff has developed over 400 extensive learning units comprising rich material spanning the humanities curriculum for grades K-12. The website is used by over 400,000 teachers each month, of whom approximately one-third are international users who look to EDSITEment as a trusted source of information about American history and culture.

III. Financial Information

A Message from the Director of the Accounting Office

On behalf of the National Endowment for the Humanities (NEH), it is my pleasure to present the agency's audited financial statements for fiscal year 2008. Our independent auditor, Leon Snead and Company, P.C., has rendered an unqualified opinion on these statements. NEH has obtained an unqualified (clean) opinion on the agency's consolidated financial statements for the fourth consecutive year, which demonstrates NEH's continued commitment to carefully manage and safeguard taxpayers' dollars. In addition, the fiscal year 2008 audit underscores NEH's strong efforts to ensure that budgetary resources are appropriately expended and regulations followed in support of the Endowment's mission.

All unresolved audit findings related to past fiscal year audits have been fully corrected. For the fiscal year 2008 audit, our external auditor reported no audit findings pertaining to the financial statements. However, the auditor's report for the same year identified one significant deficiency regarding the need for an approved, tested continuity of operations plan (COOP). NEH management has already begun to review an existing draft COOP plan and will finalize and test the plan during the second quarter of fiscal year 2009.

In 2004, NEH boldly set in motion an initiative to implement a certified federal financial system to replace its legacy accounting system. Through the efforts of its small but dedicated staff, NEH successfully implemented the Oracle on Demand federal financial system in Fiscal Year 2005. Following the implementation, NEH has continued its efforts to take full advantage of Oracle's technology and functionality. For example, during fiscal year 2008, NEH (1) successfully launched the Oracle system's security features to improve internal control, (2) developed XML enhanced reports, and (3) turned-on the workflow process to track and approve transactions.

The upcoming fiscal year will again be challenging for the NEH's financial operations. The Accounting Office will strive to maximize the benefits of the Oracle system's functionality to further improve financial performance and strengthen internal controls.

Finally, I would like to express my appreciation to all NEH staff members and to the auditing staff of Leon Snead and Company, P.C. for their efforts in completing the audit under the tight timeframes as mandated for federal financial statements. This goal could not have been achieved without the close cooperation of both staffs.

John Gleason
Director, Accounting Office

November 10, 2008

AUDITOR'S REPORT AND
AGENCY FINANCIAL STATEMENTS



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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 (the Endowment) as of September 30, 2008 and 2007, 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 audit was to express an opinion on the fair presentation of those financial statements. In connection with our audit, we also considered the Endowment's internal control over financial reporting and tested the Endowment'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 Endowment's financial statements as of and for the years ended September 30, 2008 and 2007, 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*.

The following sections discuss in more detail our opinion on the Endowment's financial statements, our consideration of the Endowment's internal control over financial reporting, our tests of the Endowment'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 Endowment as of September 30, 2008 and 2007, 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 Endowment as of and for the years ended September 30, 2008 and 2007, 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 the Endowment 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 and other accompanying information, 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 Endowment as of and for the years ended September 30, 2008 and 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Endowment'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 Endowment's internal control. Accordingly, we do not express an opinion on the effectiveness of the Endowment'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 significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is a more than remote likelihood that a misstatement of the entity's financial

statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, as discussed below, we identified one deficiency in internal control that we consider to be a significant deficiency.

1. The Endowment's continuity of operations (COOP) plan exists only in draft form. The agency drafted the plan in April 2006 but it has never been approved. We also found no evidence of any testing of the COOP plan. The Endowment entered into a reciprocal continuity of operations agreement with the Millennium Challenge Corporation on September 8, 2006. Under the agreement, each agency would provide to the other agency office facilities and supplies, storage space, internet connectivity, and telephone service for a period of up to 30 days for up to 10 people. Each agency would also provide a private room for the agency head of the guest agency.

Appendix III of OMB Circular No. A-130, *Security of Federal Automated Information Resources* states:

The following specific security controls should be included in the security plan for a general support system:

...e) Continuity of Support. Inevitably, there will be service interruptions.

Agency plans should assure that there is an ability to recover and provide service sufficient to meet the minimal needs of users of the system. Manual procedures are generally NOT a viable back-up option. When automated support is not available, many functions of the organization will effectively cease. Therefore, it is important to take cost-effective steps to manage any disruption of service.

Decisions on the level of service needed at any particular time and on priorities in service restoration should be made in consultation with the users of the system and incorporated in the system rules. Experience has shown that recovery plans that are periodically tested are substantially more viable than those that are not. Moreover, untested plans may actually create a false sense of security.

Management of the Endowment has not placed a high priority on finalizing the COOP plan. The Endowment has put in place the measures necessary to continue operations in the event that the agency's normal office space and systems become unavailable. However, without an approved, tested COOP plan that has been communicated to appropriate individuals in the agency, the Endowment could find that its plan is not viable during a disruption of service.

Recommendation

We recommend that the Endowment finalize and test the COOP plan, record the results and recommendations resulting from the test, update the COOP plan as necessary based on test results, and establish policies and procedures for on-going periodic testing and updating of the plan.

Management Response

NEH agrees to the facts as presented. After receiving the Notice of Findings and Recommendations (NFR), the Endowment's Assistant Chairman for Planning and Operations convened a meeting of the following office heads:

- Chief Information Officer
- Director, Office of Information Resources Management
- Director, Accounting Office
- Director, Administrative Services Office
- Director, Office of Human Resources

The purpose of the meeting was to review the most recent draft of the agency's COOP with a view toward finalizing it, testing it, and establishing policies and procedures for ongoing testing and updating, as recommended in the NFR.

At the initial meeting of this COOP working group we determined that the plan as drafted may need further revision to reflect the latest thinking about the Endowment's "essential business activities" during a COOP situation. Specifically, we are exploring the possibility of maintaining the ability to make grant payments in addition to the three essential activities listed in the 2006 COOP draft. Key members of the working group were tasked with researching technical and security issues associated with the offsite processing of grant payments. The director of the Endowment's Office of Information Resources Management has since documented a variety of procedures and protocols that would allow secure off-site payment processing, as well as tangential issues related to email continuity and website traffic. Armed with this new information, the working group will be convened again soon to reconsider the Endowment's designation of "essential business operations" and then to flesh out the COOP draft to reflect the decisions made.

The Endowment expects to complete its work on the COOP by the end of the first quarter of FY 2009, and then to test the COOP during the second quarter.

A summary of the status of prior year findings is included as Attachment 1.

We noted another control recommendation that we have reported to the management of the Endowment and those charged with governance in a separate letter dated November 10, 2008.

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.

RESPONSIBILITIES

Management Responsibilities

Management of the Endowment 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 Endowment'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 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, 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. We limited our tests of compliance to these provisions and we did not test compliance with all laws and regulations applicable to the Endowment. 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 the Endowment 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.

The Endowment's written response to the significant deficiencies identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

DISTRIBUTION

This report is intended solely for the information and use of the management, Chairman, Deputy Chairman, the Office of Inspector General and others within the Endowment,

The Endowment's written response to the significant deficiencies identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

DISTRIBUTION

This report is intended solely for the information and use of the management, Chairman, Deputy Chairman, the Office of Inspector General and others within the Endowment, 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 10, 2008

ATTACHMENT I

Status of Prior Year Findings

<u>Description</u>	<u>Status as of September 30, 200</u>
1. System access authorities needed improvement.	1. The Endowment completed corrective action on March 31, 2008.

NATIONAL ENDOWMENT FOR THE HUMANITIES

BALANCE SHEET

As of September 30, 2008 and 2007

(in US Dollars)

ASSETS	2008	2007
Intragovernmental:		
Cash & balances with U.S. Treasury (Note 2)	\$ 136,680,213	\$ 131,057,752
Receivables and advances (Note 3)	279,964	-
Total intragovernmental	136,960,177	131,057,752
Receivables and advances (Note 3)	2,453,456	3,878,817
Property and equipment, net (Note 4)	100,915	225,809
TOTAL ASSETS	139,514,548	135,162,378
 LIABILITIES		
Intragovernmental:		
Accounts payable and accrued expenses (Note 5)	1,817,494	144,588
Total intragovernmental	1,817,494	144,588
Accounts payable and accrued expenses (Note 5)	23,097,692	22,851,908
Unfunded FECA actuarial liability (Notes 5 & 8)	230,203	229,568
Unfunded annual leave (Notes 5 & 8)	1,248,667	1,258,405
Total liabilities	26,394,056	24,484,469
Commitments and contingencies (Note 1)		
 NET POSITION		
Unexpended appropriations - other funds	110,955,387	108,772,548
Unexpended appropriations - earmarked funds (Note 11)	-	-
Cumulative results operations - other funds	1,676,940	1,549,868
Cumulative results operations - earmarked funds (Note 11)	488,165	355,493
Total net position	113,120,492	110,677,909
 TOTAL LIABILITIES AND NET POSITION	 \$ 139,514,548	 \$ 135,162,378

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, 2008 and 2007

(in US Dollars)

	2008	2007
PROGRAM COSTS (Notes 12, 13, & 15)		
Federal/State Partnerships		
Gross costs	\$ 39,232,789	\$ 35,013,514
Less: earned revenue	(30,986)	-
Net costs - Federal/State Partnerships	39,201,803	35,013,514
Preservation and Access		
Gross costs	24,340,787	23,759,407
Less: earned revenue	(1,088,076)	(1,535,962)
Net costs - Preservation and Access	23,252,711	22,223,445
Research		
Gross costs	18,122,413	17,195,718
Less: earned revenue	(166,900)	(158,852)
Net costs - Research	17,955,513	17,036,866
Public Programs		
Gross costs	16,936,199	16,996,504
Less: earned revenue	(13,333)	-
Net costs - Public Programs	16,922,866	16,996,504
Education		
Gross costs	15,014,552	17,876,615
Less: earned revenue	(11,687)	-
Net costs - Education	15,002,865	17,876,615
We the People		
Gross costs	19,432,579	17,182,521
Less: earned revenue	(215,374)	-
Net costs - We The People	19,217,205	17,182,521
Challenge Grants		
Gross costs	11,716,261	12,395,264
Less: earned revenue	(9,211)	-
Net costs - Challenge Grants	11,707,050	12,395,264
Other Programs		
Gross costs	1,338,736	923,004
Less: earned revenue	(201,059)	(200,000)
Net costs - Other Programs	1,137,677	723,004
TOTAL PROGRAMS		
Gross costs (Note 18)	146,134,316	141,342,547
Less: earned revenue	(1,736,626)	(1,894,814)
NET COST OF OPERATIONS (Note 12)	<u>\$ 144,397,690</u>	<u>\$ 139,447,733</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, 2008 and 2007 (in US Dollars)

	2008			2007		
	Earmarked Funds	All Other Funds	Total	Earmarked Funds	All Other Funds	Total
CUMULATIVE RESULTS OF OPERATIONS						
Beginning balances	\$ 355,493	\$ 1,549,868	\$ 1,905,361	\$ 681,513	\$ 996,140	\$ 1,677,653
Adjustments: Corrections of errors	-	-	-	-	-	-
Beginning balances, as adjusted	355,493	1,549,868	1,905,361	681,513	996,140	1,677,653
Budgetary financing sources:						
Donations	905,602	-	905,602	293,044	-	293,044
Appropriations used (Note 17)	-	142,523,961	142,523,961	-	138,090,001	138,090,001
Other financing resources:						
Imputed financing from costs absorbed by others (Notes 1 & 13)	-	1,227,871	1,227,871	-	1,292,396	1,292,396
Total financing sources	905,602	143,751,832	144,657,434	293,044	139,382,397	139,675,441
Net cost of operations (Notes 12 & 13)	(772,930)	(143,624,760)	(144,397,690)	(619,064)	(138,828,669)	(139,447,733)
Net change	132,672	127,072	259,744	(326,020)	553,728	227,708
Cumulative Results of Operations	488,165	1,676,940	2,165,105	355,493	1,549,868	1,905,361
UNEXPENDED APPROPRIATIONS						
Beginning balances	-	108,772,548	108,772,548	-	105,753,722	105,753,722
Adjustments: Corrections of errors	-	-	-	-	-	-
Beginning balances, as adjusted	-	108,772,548	108,772,548	-	105,753,722	105,753,722
Budgetary financing sources:						
Appropriations received (current period) (Notes 17 & 18)	-	147,000,000	147,000,000	-	141,105,150	141,105,150
Rescissions (Notes 17 & 18)	-	(2,293,200)	(2,293,200)	-	-	-
Donations	-	-	-	-	3,677	3,677
Appropriations used (Note 17)	-	(142,523,961)	(142,523,961)	-	(138,090,001)	(138,090,001)
Total budgetary financing sources	-	2,182,839	2,182,839	-	3,018,826	3,018,826
Total Unexpended Appropriations	-	110,955,387	110,955,387	-	108,772,548	108,772,548
NET POSITION	\$ 488,165	\$ 112,632,327	\$ 113,120,492	\$ 355,493	\$ 110,322,416	\$ 110,677,909

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, 2008 and 2007
(in US Dollars)

BUDGETARY RESOURCES	2008	2007
Unobligated balance, brought forward, October 1	\$ 4,859,344	\$ 6,187,925
Recoveries of prior year unpaid obligations	2,257,851	882,362
Budgetary authority:		
Appropriation	147,905,602	141,398,193
Spending authority from offsetting collections:		
Earned:		
Collected	2,151,661	1,994,710
Change in receivables from Federal sources	3,930	(26,225)
Change in unfilled customer orders:		
Advance received	1,664,465	(40,457)
Without advance from Federal sources	(1,000,000)	52,602
Anticipated for rest of year, without advances	-	-
Subtotal	150,725,658	143,378,823
Permanently not available - rescission	(2,293,200)	-
Total Budgetary Resources	<u>155,549,653</u>	<u>150,449,110</u>
STATUS OF BUDGETARY RESOURCES		
Obligations incurred (Notes 13 & 14)		
Direct	148,110,903	143,736,326
Reimbursable	3,403,226	1,853,440
Subtotal	151,514,129	145,589,766
Unobligated balance		
Apportioned	3,182,296	4,554,085
Exempt from apportionment	-	-
Subtotal	3,182,296	4,554,085
Unobligated balance not available	853,228	305,259
Total Status of Budgetary Resources	<u>155,549,653</u>	<u>150,449,110</u>
CHANGE IN OBLIGATED BALANCES		
Obligated Balances, net		
Unpaid obligations, brought forward, October 1	127,251,010	122,576,695
Uncollected customer payments from		
Federal sources, brought forward, October 1	(1,052,602)	(1,026,225)
Total, Unpaid obligated balance, net, beg. of period	<u>126,198,408</u>	<u>121,550,470</u>
Obligations incurred, net (Notes 13 & 14)	151,514,129	145,589,766
Gross outlays	(143,806,067)	(140,033,089)
Recoveries of prior year unpaid obligations, actual	(2,257,851)	(882,362)
Change in uncollected customer payments from Federal sources	996,071	(26,377)
Subtotal	<u>6,446,282</u>	<u>4,647,938</u>
Obligated balances, net, end of period (Note 16)		
Unpaid Obligations	132,701,222	127,251,010
Uncollected customers payments from Federal sources	(56,532)	(1,052,602)
Total, Unpaid obligated balance, net, end of period	<u>132,644,690</u>	<u>126,198,408</u>
NET OUTLAYS		
Net Outlays:		
Gross outlays	143,806,067	140,033,089
Offsetting collections	(3,816,126)	(1,954,252)
Distributed offsetting receipts	(325,381)	(37,196)
Net Outlays	<u>\$ 139,664,560</u>	<u>\$ 138,041,641</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 Fiscal Years Ended
September 30, 2008 and 2007
(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. Beginning with fiscal year 2007, OMB Circular A-136 no longer requires a Statement of Financing. OMB has replaced this statement with a schedule reconciling the Net Cost of Operations to Obligations Incurred. This new schedule is presented in the Notes to the Financial Statements. Comparative displays for this schedule are required for the current year and prior year.

The financial statements have been prepared to report the financial position and results of operations of NEH. These statements were prepared from the books and records of NEH in conformity with the accounting principles generally accepted in the United States and with OMB Circular A-136, "Financial Reporting Requirements."

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
Notes to the Financial Statements
As of and For the Fiscal Years Ended
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(In Dollars)

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 the subsequent fiscal year.

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 aggregate 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
Notes to the Financial Statements
As of and For the Fiscal Years Ended
September 30, 2008 and 2007
(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, and there is no 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 grant liabilities. 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 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
Notes to the Financial Statements
As of and For the Fiscal Years Ended
September 30, 2008 and 2007
(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 a 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
As of and For the Fiscal Years Ended
September 30, 2008 and 2007
(In Dollars)

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 but roughly speaking, the model calculates a liability around 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 with which the transactions are associated. Intragovernmental assets and liabilities are those from or to other Federal entities. Intragovernmental earned revenues are collections or accruals of revenue 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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September 30, 2008 and 2007
(In Dollars)

Note 2 – Fund Balance with Treasury

Fund balance with Treasury	<u>2008</u>	<u>2007</u>
Appropriated funds	\$ 136,176,714	\$ 130,693,945
Trust funds	<u>503,499</u>	<u>363,807</u>
Total	<u>136,680,213</u>	<u>131,057,752</u>
 Status of fund balance with Treasury		
Unobligated balance - available	3,182,296	4,554,085
Unobligated balance - unavailable	853,228	305,259
Unfilled customer orders	(52,603)	-
Receivables from federal sources	(3,930)	-
Obligated balance not yet disbursed	<u>132,701,222</u>	<u>126,198,408</u>
Total	<u>\$ 136,680,213</u>	<u>\$ 131,057,752</u>

Fund Balance with Treasury is the aggregate amount of NEH's accounts with the U.S. Treasury for which the entity 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

Gross receivables	<u>2008</u>	<u>2007</u>
	<u>Current</u>	<u>Current</u>
Receivables from services to federal agencies		
Advance to government agencies	\$ 276,034	\$ -
Other receivables	3,930	-
Receivables from the public		
Advances to grantees	2,427,807	3,868,817
Other receivables	25,649	10,000
Allowance for uncollectible accounts	<u>-</u>	<u>-</u>
Net receivables	<u>\$ 2,733,420</u>	<u>\$ 3,878,817</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 aggregate purchases with a minimum of \$10,000 per item. Property and equipment, net, as of September 30, 2008 and 2007, consisted of the following:

Fiscal Year	Major Class	Service Life and Method	Cost	Accumulated Amortization /Depreciation	Net Book Value
<u>2008</u>	Capital Leases	Life of Lease/Straight	\$472,433	\$371,518	\$100,915
<u>2007</u>	Capital Leases	Life of Lease/Straight	\$472,433	\$246,624	\$225,809

Note 5 – Liabilities

	<u>2008</u>	<u>2007</u>
Intragovernmental	<u>Current</u>	<u>Current</u>
Accrued unfunded FECA liability	\$ 46,121	\$ 46,116
Advances from others	1,664,465	-
Accrued liabilities - Government	-	13,637
Employee contributions & payroll taxes payable	<u>106,908</u>	<u>84,835</u>
Total Intragovernmental	1,817,494	144,588
Accrued funded payroll	759,514	594,454
Actuarial FECA liability	230,203	229,568
Accrued unfunded leave	1,248,667	1,258,405
Accrued liabilities due - non-Government	<u>22,338,178</u>	<u>22,257,454</u>
Total liabilities	<u>\$ 26,394,056</u>	<u>\$ 24,484,469</u>

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Note 6 – Leases

Operating Leases:

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 May 1, 2005 through October 31, 2008.

	<u>2008</u>	<u>2007</u>
Future payments due:	<u>Office Space</u>	<u>Office Space</u>
Fiscal year 2008	\$ -	\$1,892,017
Fiscal year 2009	48,447	48,447
Fiscal year 2010	<u>-</u>	<u>-</u>
Total	\$ 48,447	\$1,940,464

Capital Leases:

(A) Computers: In fiscal year 2006, NEH purchased 219 computers under a lease-to-own contract. The lease term is 36 months ending February 28, 2009.

(B) 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>2008</u>	<u>2007</u>
Machinery and equipment	\$472,433	\$472,433
Accumulated amortization	371,518	246,624

Future payments due:	<u>2008</u>	<u>2008</u>	<u>2007</u>	<u>2007</u>
	<u>Computers</u>	<u>Copiers</u>	<u>Computers</u>	<u>Copiers</u>
Fiscal year 2008	\$ -	\$ -	\$ 99,708	\$ 54,140
Fiscal year 2009	41,545	54,140	41,545	54,140
Fiscal year 2010	<u>-</u>	<u>22,558</u>	<u>-</u>	<u>22,558</u>
Total	<u>\$41,545</u>	<u>\$76,698</u>	<u>\$141,253</u>	<u>\$130,838</u>

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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>2008</u>	<u>2007</u>
Income from NEH projects funded in previous years	\$ 325,381	\$ 37,196
Total cash collections	325,381	37,196
Disposition of collections:		
Returned to Treasury (general fund)	325,381	37,196
Retained by NEH	<u>-</u>	<u>-</u>
Net custodial revenue activity	<u>\$ -</u>	<u>\$ -</u>

Note 8 – Liabilities Not Covered by Budgetary Resources

	<u>2008</u>	<u>2007</u>
Intragovernmental		
Accrued unfunded FECA	\$ 46,121	\$ 46,116
Total intragovernmental	46,121	46,116
Actuarial FECA liability	230,203	229,568
Accrued unfunded leave	1,248,667	1,258,405
Total liabilities not covered by budgetary resources	<u>1,524,991</u>	<u>1,534,089</u>
Total liabilities covered by budgetary resources	24,869,065	22,950,380
Total liabilities	<u>\$ 26,394,056</u>	<u>\$ 24,484,469</u>

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.

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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 2008 has not yet been published. Actual numbers for fiscal year 2008 will be included in the President’s Budget for fiscal year 2010, which will be published about February 5, 2009, and will be available at <http://www.whitehouse.gov/omb/>.

There are no material differences between the amounts reported in the FY 2007 Statement of Budgetary Resources and the 2007 actual amounts reported in the Budget of the United States Government. The differences in the table below are due to the rounding of amounts in the Budget of the United States Government.

FY 2007 (In Millions of Dollars)	Budgetary Resources Available for Obligation	Obligations Incurred	Distributed Offsetting Receipts	Net Outlays
Budget of the U.S. Government	\$ 150	\$ 145	\$ 0	\$ 137
Statement of Budgetary Resources	<u>150</u>	<u>146</u>	<u>0</u>	<u>138</u>
Differences	\$ -	\$ 1	\$ -	\$ 1

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Note 11 – Earmarked Funds

	2008			2007		
	<u>Earmarked Funds - Gifts & Donations</u>	<u>Eliminations</u>	<u>Total Earmarked Funds</u>	<u>Earmarked Funds - Gifts & Donations</u>	<u>Eliminations</u>	<u>Total Earmarked Funds</u>
Balance sheet, as of September 30th						
Assets						
Fund balance with Treasury	\$ 503,499	\$ -	\$ 503,499	\$ 363,807	\$ -	\$ 363,807
Other assets	-	-	-	-	-	-
Total assets	503,499	-	503,499	363,807	-	363,807
Liabilities	15,334	-	15,334	8,314	-	8,314
Unexpended Appropriations	-	-	-	-	-	-
Cumulative results of operations	488,165	-	488,165	355,493	-	355,493
Total liabilities and net position	503,499	-	503,499	363,807	-	363,807
Statement of net cost, for the period ended September 30th						
Gross program costs	772,930	-	772,930	619,064	-	619,064
Less earned revenues	-	-	-	-	-	-
Net program costs	772,930	-	772,930	619,064	-	619,064
Costs not attributable to program costs	-	-	-	-	-	-
Less earned revenues not attributable to program costs	-	-	-	-	-	-
Net cost of operations	772,930	-	772,930	619,064	-	619,064
Statement of changes in net position, for the period ended September 30th						
Net position, beginning of period	355,493	-	355,493	681,513	-	681,513
Non-exchange revenue	905,602	-	905,602	293,044	-	293,044
Other financing sources	-	-	-	-	-	-
Net cost of operations	772,930	-	772,930	619,064	-	619,064
Change in net position	132,672	-	132,672	-326,020	-	-326,020
Net position, end of period	\$ 488,165	\$ -	\$ 488,165	\$ 355,493	\$ -	\$ 355,493

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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.

FY 2008 Programs	Federal/State Partnerships	Preservation and Access	Research	Public Programs	Education	We The People	Challenge Grants	Other Programs	2008 Total
Intragovernmental costs	1,418,175	1,457,963	1,157,318	1,173,453	975,485	1,256,400	522,167	352,874	8,313,835
Public costs	37,814,615	22,882,824	16,965,095	15,762,746	14,039,067	18,176,178	11,194,093	985,863	137,820,481
Total costs	39,232,790	24,340,787	18,122,413	16,936,199	15,014,552	19,432,578	11,716,260	1,338,737	146,134,316
Intragovernmental earned revenue	30,986	1,088,076	166,900	13,333	11,687	215,374	9,211	201,059	1,736,626
Public earned revenue	-	-	-	-	-	-	-	-	-
Total earned revenue	30,986	1,088,076	166,900	13,333	11,687	215,374	9,211	201,059	1,736,626
Net costs	39,201,804	23,252,711	17,955,513	16,922,866	15,002,865	19,217,204	11,707,049	1,137,678	144,397,690
FY 2007 Programs	Federal/State Partnerships	Preservation and Access	Research	Public Programs	Education	We The People	Challenge Grants	Other Programs	2007 Total
Intragovernmental costs	297,185	1,644,283	1,331,700	1,411,322	1,461,056	934,383	338,362	410,172	7,828,463
Public costs	34,716,329	22,115,124	15,864,018	15,585,182	16,415,559	16,248,138	12,056,902	512,832	133,514,084
Total costs	35,013,514	23,759,407	17,195,718	16,996,504	17,876,615	17,182,521	12,395,264	923,004	141,342,547
Intragovernmental earned revenue	-	1,535,962	158,852	-	-	-	-	200,000	1,894,814
Public earned revenue	-	-	-	-	-	-	-	-	-
Total earned revenue	-	1,535,962	158,852	-	-	-	-	200,000	1,894,814
Net costs	35,013,514	22,223,445	17,036,866	16,996,504	17,876,615	17,182,521	12,395,264	723,004	139,447,733

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

For the Years Ended September 30, 2008 and 2007
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	<u>2008</u>	<u>2007</u>
RESOURCES USED TO FINANCE ACTIVITIES:		
Budgetary Resources Obligated		
Obligations incurred	\$ 151,514,129	\$145,589,766
Less: Spending authority from offsetting collections and recoveries	5,077,907	2,862,992
Obligations net of offsetting collections and recoveries	146,436,222	142,726,774
Less: Offsetting receipts	325,381	37,196
Net Obligations	<u>146,110,841</u>	<u>142,689,578</u>
Other Resources		
Imputed financing from costs absorbed by others	1,227,871	1,292,396
<i>Total resources used to finance activities</i>	<u>147,338,712</u>	<u>143,981,974</u>
RESOURCES USED TO FINANCE ITEMS NOT PART OF THE NET COST OF OPERATIONS:		
Change in budgetary resources obligated for goods, services, and benefits ordered but not yet provided	(3,366,551)	(4,783,117)
Budgetary offsetting collections and receipts that do not affect net cost of operations	325,381	37,196
Resources that fund expenses recognized in prior periods	(9,738)	-
Resources that finance acquisition of assets	-	-
<i>Total resources used to finance items not part of the net cost of operations</i>	<u>(3,050,908)</u>	<u>(4,745,921)</u>
<i>Total resources used to finance the net cost of operations</i>	<u>144,287,804</u>	<u>139,236,053</u>
COMPONENTS OF THE NET COST OF OPERATIONS THAT WILL NOT REQUIRE OR GENERATE RESOURCES IN THE CURRENT PERIOD:		
Components requiring or generating resources in future periods:		
Annual leave liability increase	-	42,424
Other	(15,008)	44,362
<i>Total components of Net Cost of Operations that will require or generate resources in future periods</i>	<u>(15,008)</u>	<u>86,786</u>
Components not requiring or generating resources:		
Depreciation and amortization	124,894	124,894
Other	-	-
<i>Total components of Net Cost of Operations that will require or generate resources</i>	<u>124,894</u>	<u>124,894</u>
<i>Total components of the net cost of operations that will not require or generate resources in the current period</i>	109,886	211,680
NET COST OF OPERATIONS	<u>\$ 144,397,690</u>	<u>\$139,447,733</u>

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

Obligations Incurred	<u>2008</u>	<u>2007</u>
Direct:		
1. Category A total, direct obligations	\$ -	\$ -
2. Category B total, direct obligations	148,110,903	143,736,326
3. Exempt from apportionment	-	-
Reimbursable:		
1. Category A total, direct obligations	-	-
2. Category B total, direct obligations	3,403,226	1,853,440
3. Exempt from apportionment	-	-
Total direct and reimbursable	<u>\$151,514,129</u>	<u>\$145,589,766</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.

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>2008</u>	<u>2007</u>
Unpaid obligations:		
Undelivered orders	\$109,496,622	\$104,300,630
Accounts payable	23,204,600	22,950,380
Less: uncollected customers payments from		
Federal sources	<u>56,532</u>	<u>1,052,602</u>
Total, unpaid obligated balance, net, end of period	<u>\$132,644,690</u>	<u>\$126,198,408</u>

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Note 17 – Reconciliation of Federal Appropriation to Federal Expended Appropriation

	<u>2008</u>	<u>2007</u>
Federal appropriation	\$ 144,706,800	\$ 141,105,150
Unexpended appropriation – current year	(66,643,185)	(62,533,193)
Amounts obligated in previous years, expended in current year	<u>64,460,346</u>	<u>59,518,044</u>
Federal expended appropriation	<u>\$ 142,523,961</u>	<u>\$ 138,090,001</u>

Note 18 – Reconciliation of Expenses to Federal Appropriation

	<u>2008</u>	<u>2007</u>
Total expenses	\$146,134,316	\$141,342,547
Depreciation and amortization	(124,894)	(124,894)
Unpaid vacation	9,738	(42,424)
Reimbursable expenses	(1,509,406)	(1,251,474)
Trust fund expenses	(772,930)	(619,064)
Unfunded expenses	(1,212,863)	(1,318,721)
Other	-	104,031
Unexpended appropriation – current year	66,643,185	62,533,193
Amounts obligated in previous years, expended in current year	<u>(64,460,346)</u>	<u>(59,518,044)</u>
Capital expenditures	<u>-</u>	<u>-</u>
Federal appropriation	<u>\$144,706,800</u>	<u>\$141,105,150</u>

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Other Accompanying Information

Table 1 - Summary of Financial Statement Audit for the Year Ending September 30, 2008

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

Table 2 - Summary of Management Assurances for the Year Ending September 30, 2008

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

* OMB Bulletin 07-04 identifies the requirement of the 24 CFO Act agencies to conform with the FFMIA. The bulletin states that agencies subject to the ATDA and Government Corporation control Act are not subject to the requirements of the FFMIA.



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FOR THE
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MANAGEMENT CHALLENGES AS OF SEPTEMBER 30, 2008

BACKGROUND

For the past several years in the September 30th Semi-Annual Report the Office of Inspector General (OIG) has submitted an annual statement of what we consider to be the most important management and performance challenges requiring action by the National Endowment for the Humanities.

The agency has made significant improvements in several areas and we are happy to note that the financial management system and Information Resources Management are not on this year's list of challenges. We have added Grants Management to emphasize that monitoring of the grants needs to be strengthened and consistent throughout the NEH.

The most serious challenges for the agency are:

- Strengthening Information Security
- Continue to Improve Planning and Performance
 - Measurement in Accordance with the Results Act
- Human Capital Management
- Continuity of Operations
- Grants Management

Strengthen Information Security

NEH has diligently taken steps to improve the security of the agency information system. The agency is following Office of Management and Budget (OMB) and National Institute of Standards and Technology (NIST) guidance more vigorously. NEH is currently providing computer hardware and software to the National Archives and Records Administration (NARA) for NARA's use in managing their grant administration program. NEH has determined that security features, such as firewalls, minimize the security risks associated with these additional responsibilities. While tremendous progress has made in the area of information security, we believe the agency would benefit from a full penetration test (including social engineering) to determine the system's weaknesses, employment of a log management system to monitor intrusions and continually test the strength of user passwords. NEH's Office of Information Resources Management does perform some password cracking; however, it must be performed on a regular basis and should hold staff accountable for a weak password. We understand that

the NEH Office of Information Resources Management will be implementing a new system to strengthen and eliminate password concerns.

Without strong IT security, the confidentiality, integrity, and availability of the agency's information are threatened. The agency needs a comprehensive security review of the IT security program. The review should encompass:

- assessing implementation of existing requirements,
- evaluating the effectiveness of the IT security organizational structure,
- verifying the accuracy of incident and status reports and evaluating the effectiveness of policy enforcement efforts,
- enhancing network security monitoring capabilities,
- assessing feasibility of an intrusion detection system.

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.

We will continue to report IT security as a management challenge and potential risk to allow NEH management to continue focus on this area.

Continue to Improve Planning and Performance Measurement in Accordance with the Results Act

NEH has made progress over the past several years. However, more effort is required to make the case for justifying NEH as a positive results oriented organization. In the past NEH has relied heavily on anecdotal examples of success. Now NEH is measuring outputs rather than outcomes. The OIG recognizes that measuring the benefits of many NEH programs is difficult. Program offices and divisions should gradually collect outcome-related data from grantees. As an example, while we have 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. 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 several years after the teacher attended the seminar.

We believe obtaining outcome-based data from grantees would more indicative for performance measurement than collecting output data. However, we recognize that relying on data quality and evaluating program effectiveness on information generated by grantees does not provide a comfort level of accurate information. The GAO and other OIGs 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. Nevertheless, obtaining outcome information would be a significant improvement.

Strategic Management of Human Capital

Positive Action Taken

- Human capital is a high-risk for the federal government due to the large number of baby-boomers who are expected to retire in the next three or four years. NEH will face the same situation. NEH recognized this problem when four staff from the Office of Grant Management (OGM) indicated they would retire within a one-year period. All four staff had over 30 years of experience in that office. NEH was proactive and brought replacement staff on board before three of the four people retired. Because of this succession planning strategy, the new staff under the guidance of some of the remaining long-term staff, has done well in processing grant actions and applications. NEH deserves much credit for their approach to address the human capital challenge.

Additional Action Needed

- NEH can ensure that the next wave of OGM staff retirements will go smoothly by providing grant management training to the recently hired employees. Off-site training would offer the new staff the benefit of learning how other agencies handle problems while obtaining knowledge of the Office of Management and Budget Circulars that pertain to and effect grant administration. This will put the recent hires into a position to become efficient grant administrators.
- The OGM has well written procedure manuals with standard forms and language used in the letters to applicants and grantees. However, many of the program offices and divisions do not have comparable operations manuals. Therefore, it would be beneficial for program 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 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 taken some of these positive steps and we commend them for this action). 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 critical 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.

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. One part of the plan pertains only to information technology, and while extremely important, the agency relies on paper documents in conducting its business.

The plan contains an agreement with the Millennium Challenge Corporation wherein either agency will assist the other in case a disaster occurs. The agreement only covers a disaster if it occurs in either one of the buildings occupied by each organization. Millennium is located at 875 15th Street, NW 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 staff, suppliers, grantees and contractors where payment is made through the U.S. Treasury system.

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.

The plan must 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 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.

Grants Management

We are including 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 agency-wide standard operating procedures

concerning grant oversight and monitoring. For example, some 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, however, 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. 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. Last year 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.

NEH Chairman's Response to Inspector General's Summary

MEMORANDUM

Date: November 3, 2008

To: Sheldon Bernstein
Inspector General

From: Bruce Cole
Chairman

Subject: Response to OIG Memorandum Concerning Top Management Challenges

Thank you for your thoughtful assessment of the most significant management challenges facing NEH as we enter the fiscal year 2009. I am especially appreciative of your acknowledgement of the improvements the Endowment has made this past year in the areas of financial management and information technology.

Concerning the five specific management challenges identified in your memo, we offer the following observations and action plans:

Information Security. NEH management takes very seriously its obligation to safeguard the data contained in its information technology systems. Regarding the specific challenges mentioned in your memo, I have directed NEH's Office of Information Resources Management to (1) investigate the use of penetration testing to augment the security assessment tools already in use by the NEH; (2) abide by the requirements of the Trusted Internet Connection initiative, including the implementation of a logging and intrusion detection system; (3) abide by the Federal Desktop Core Configuration initiative, which includes guidance on password strength and complexity; and (4) continue the comprehensive certification and accreditation process for the Grants Management System and the Oracle accounting system.

Performance Planning and Measurement. NEH requires grantees to submit a narrative report at the conclusion of the grant. As part of this final performance report, the Endowment 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.

The Endowment currently reports outcome information for many of its more than three dozen programs and grant categories. For example, every year the Endowment 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. 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.

The agency acknowledges, however, the need to gather more outcome-based data on the performance of some of our grant programs and the humanities projects they support. For fiscal year 2009, we plan to develop pilot projects to collect outcome information in selected grant categories. The advent of the new Office of Digital Humanities affords the Endowment the opportunity to begin assessing the impact of one of its newest grant categories. For example, in addition to submitting the standard NEH final narrative report, project directors who received Digital Start-Up grants in fiscal years 2007 and 2008 are required to submit “white papers” at the conclusion of their projects. The purpose of the white paper is to document the work of the project, including lessons learned, so that others can benefit from their experience. The white papers will be posted on the NEH website. We think this exercise will help us to assess the performance and impact on the field of this new program.

Strategic Management of Human Capital. The Office of Grant Management (OGM) has carefully considered training needs for the new Grants Administrators hired within the last several years. In September 2008, the OGM requested approval for four administrators to attend three courses that together constitute a core curriculum to attain competency in the basics of grant management. In addition, these employees have been receiving and continue to receive in-depth on-the-job training by the Deputy Director of the OGM, a veteran grant management professional. They are also taking advantage of the in-house training offered by the Office of Information Resources Management to further develop their technology skills.

We appreciate your suggestion that the program divisions should create operations manuals that would guide program officers (especially new hires) in their communications with applicants and grantees. Many of the divisions in fact have generic letters and forms that are widely used as guides in such communications, and the divisions have recently begun sharing their standard operating procedures with each other in order to develop greater agency-wide consistency. We will continue to move in this general direction, while being mindful of the importance of providing applicants and grantees with personalized attention.

In fiscal year 2009, NEH will develop a more comprehensive human capital plan that will address five key components: strategic alignment with NEH’s mission; leadership and knowledge management to include succession planning; a results-oriented performance culture; talent management to address competency gaps and to maintain programs to attract, promote and retain quality talent; and accountability systems to monitor and evaluate results.

Continuity of Operations. NEH's Assistant Chairman for Planning and Operations recently convened a meeting of the following office heads:

Chief Information Officer
Director, Office of Information Resources Management
Director, Accounting Office
Director, Administrative Services Office
Director, Office of Human Resources

The purpose of the meeting was to review the most recent draft of the agency's Continuity of Operations Plan (COOP) with a view toward finalizing it, testing it, and establishing policies and procedures for ongoing testing and updating.

At the initial meeting of this COOP working group we determined that the plan as drafted may need further revision to reflect the latest thinking about NEH's "essential business activities" during a COOP situation. Specifically, we are exploring the possibility of maintaining the ability to make grant payments in addition to the three essential activities listed in the 2006 COOP draft. Key members of the working group were tasked with researching technical and security issues associated with the offsite processing of grant payments. The director of NEH's Office of Information Resources Management has since documented a variety of procedures and protocols that would allow secure off-site payment processing, as well as tangential issues related to e-mail continuity and website traffic. Armed with this new information, the working group will be convened again soon to reconsider NEH's designation of "essential business operations" and then to flesh out the COOP draft to reflect the decisions made.

NEH expects to complete its work on the COOP by the end of the first quarter of fiscal year 2009, and then to test the COOP during the second quarter of the fiscal year.

Grants Management. We are pleased by the Inspector General's finding that NEH has few incomplete grants. We take very seriously the obligation of grantees to complete their projects. In applying for NEH funding, applicants are asked to include a detailed work plan, while reviewers are asked to judge the likelihood of completion. Furthermore, NEH's divisions employ various tools for monitoring grant progress—including site visits, self-reporting, and results documentation. We thus welcome your recommendation that NEH develop a more comprehensive grant monitoring policy, a recommendation that NEH's division directors will be brought together to discuss in the coming year.