

Continuous Funding, To Be or Not to Be?

I. The Problem.

A. Background. The State-Based Humanities Program grants are presently for a stated grant period. All funds must be committed before the termination date of the grant; all funds must be expended within 90 days of the termination of the grant. Projects not to be completed within this period must be given extensions and run concurrently with subsequent grants.

B. Constant Difficulties.

1. Timing: All projects must be started or monies must at least be committed early in the grant period if NEH requirements are to be met. This may lead to wasting money by forcing state groups to choose from available regrant applications which would presumably be of poorer quality than those developed later in the grant period after some experience. The rush to commit funds would encourage speed, not prudence, as a prime consideration in regrants. We must consider whether in the long run, a predictable cycle would be established and that this is, in fact, a short-run problem.
2. Long projects: Presently, only projects which would be completed within the time frame would be eligible, thus perhaps axing some quality projects either because of their long length or because of their development and presentation for funding late in the grant period.
3. Confidence in long-range character of program: Federal grant programs suffer a reputation for instability because of discontinuous funding. We cannot expect a full effort on behalf of the SBHP from our grantees unless they have confidence that the program is, indeed, long-range. (Title I, OE-HEA-1965 has done much to shake confidence in Federal programs. Many of the individuals involved in our programs in the states have been involved in Title I programs.)

C. Short-Run Difficulties

1. Maine and Georgia (at least) have long projects which must be dealt with in some way soon.
2. NEH Grants are anxious, as are we, to establish a policy for dealing with the above immediate problems and to plan for the future.

II. Pros and Cons to Continuous Funding. (Should be kept in mind when reviewing various options.)

A. Pros.

1. We encourage a long-range sense of the permanence of the program.
2. We settle the short-run problems with Maine and Georgia, and, hopefully, avoid cumbersome administrative mechanisms for dealing with long projects.
3. If the problem continues to occur, we have an established policy for dealing with it.

B. Cons.

1. We lose some clout, the threat of not funding in a subsequent year.
2. We encourage bad habits:
 - a. Grantees may divide effort between one year's activities and a past year's holdovers.
 - b. Grantees may be relaxed about aggressively seeking regrant applications early in the grant period.
3. We allow grantees to accept long projects to which we may object, which may be harmful to the grantee's effort to respond to our theme focus or new stipulations in their extension into a subsequent grant term.

4. We rob grantees of the ability to suspend certain long, "bad" projects, using us as the "heavy," after they have okayed the projects.
5. We lose that small (and illusory) element of clout we now possess--the threat of withholding second year funding on either certain projects or the whole grant.

III. Control: A superficial discussion of some basic realities.

We have now several real controls on our SBHP grantees. These are listed below in order of importance, starting from most important to least effective. (These apply to other than first-year grants only.)

1. General Guidelines and Specific Stipulations for SBHP.
2. Theme.
3. Goodwill, constant contact, trust.
4. Outside Review.
5. National Council Veto.

IV. Options. (In no particular order). We are struggling to find a middle ground somewhere between completely discretionary funds and completely automatic state/Federal partnership funds.

- A. Continue as we are, allowing ad hoc concurrent projects. Require separate accounting for each grant period.

The "problem" of administering concurrent projects could be ignored. Costs for such administration would come out of the subsequent grant and would, in effect, be a kind of penalty for having such projects. We would regard administrative funds in any grant period as the cost of administering all projects during that period.

- B. Continue as we are with some important exceptions. Grantees, in the case of projects running beyond the grant period, commit funds to be spent during the portion of the project within the grant period and give a letter of intent to fund the remainder of the project beyond the current grant period. The letter of intent would state that no new proposal would be necessary for the continued funding of the project, but award of additional funds would be conditional:

1. Based on information available at the time additional funds are to be committed, the project is progressing as proposed in the original application;
2. Based on the availability of funds.

- C. Continue on as we are in A or B, but add another wrinkle. In order to speak to the question of confidence in continuous funding, handle administrative funds in an adaption of the DOD "Themis" method:

For Administrative Funds only, grant would supply 100% for current grant period, 25% for second year and 25% for a third year. This allows at least a partial two-year phase-out period, should the SBHP be scrapped, and the 25% for years two and three could be spent as administration for concurrent grants or be used to plan projects to be funded fully in year two or three. In this plan, the picture of administrative funding would be thus:

	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	
1972 grant	100%	25%	25%	0	0
1973 grant	0	75%	25%	25%	0
1974 grant	0	0	50%	25%	25%
1975 grant	0	0	0	50%	25%

- D. Ask grantees to give back funds which will not be expended within 90 days after grant period termination date. We could then give back these funds for specific long projects or for unassigned projects, or both.
- E. Do not ask for return of funds, but apply the same amount of unexpended funds to subsequent year's grant funds. Either reduce subsequent grant accordingly to achieve equity in all states, or make this amount in addition to subsequent year's grant funds.
- F. Extend the entire grant, amending it by the amount of grant funds awarded in the subsequent year. This would make the grant truly "no year" grants, to be extended indefinitely. This comes closest to continuous funding of all the options above, but still gives no guarantee that extensions may be expected *ad infinitum*.

- G. Either by creating official state agencies or some other way which I do not see, make the state committees eligible for "their share" each year regardless of controls. Funds would be withheld only in extremely unusual circumstances. This method still does not speak to the question of confidence in Federal programs because NEH appropriations are not automatic.