



National  
Endowment  
for the  
Humanities

Office of  
Challenge  
Grants

Guidelines, Application  
Materials, and  
Administrative  
Requirements

Annual Application  
Deadline: May 1

# Challenge Grants

NATIONAL ENDOWMENT  
for the  
Humanities Library

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**NATIONAL ENDOWMENT FOR THE HUMANITIES**

**CHALLENGE GRANTS**

**Guidelines, Application Instructions, and  
Administrative Requirements**

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## INTRODUCTION

Readers already familiar with the Challenge Grants Program need to know what is new about these guidelines.

- o There is no longer any waiting period between the close of a first and the application for a second challenge grant,
- o the matching gift is new if it is made in anticipation of or in response to a challenge grant; the concept of a “base year” to establish the “newness” of gifts no longer applies,
- o the grant period is fixed at either fifty-six or sixty-eight months; the longer period allows applicants who have been denied a grant in one cycle but succeed in the next to use as matching all gifts and pledges made in anticipation of the NEH decision,
- o in-kind gifts and contributed services are allowable for matching only if they anticipate approved outright expenditures in the grant budget,
- o deferred or planned giving and bequests are no longer eligible as matching funds, but pledges of cash gifts continue to be acceptable,
- o as part of the Endowment’s response to the President’s initiative, historically black colleges and universities are encouraged to consider making applications for challenge grants,
- o the program urges the use of grant funds generated by challenge grants to endow teaching awards at all levels of instruction,
- o the Endowment encourages the use of challenge grant funds to improve the quality and substance of elementary and secondary education in the humanities,
- o applicants are urged to apply for challenge grants to endow fellowship programs so that scholars in the humanities may work in museums, libraries, and historical organizations,
- o instead of mailing a card to indicate their intention of submitting an application, applicants are invited either to submit draft applications for staff counsel by March 1 or to send letters explaining their intentions by April 15, and
- o the requirements for administering challenge grants have been incorporated into this booklet, not only for reasons of economy but also because all applicants need most of the information contained in that previously separate publication.

Readers unfamiliar with Endowment terminology will find the Glossary of Terms at the end of this booklet useful.

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## APPLICATION CHECKLIST

1. Ten copies of the application package, each copy including, in this order,
  - a) the application cover sheet (original signed by authorizing official);
  - b) a table of contents;
  - c) the one-page institutional fact summary;
  - d) the financial summary;
  - e) a one-page summary budget for the proposed use of all federal challenge funds and matching gifts;
  - f) the proposal narrative (approximately twenty double-spaced pages);
  - g) a copy of the current operating budget;
  - h) the project director's resume;
  - i) lists of trustees and staff; and
  - j) other appendices.
2. Single sets of audited financial statements, including opinion and notes, for each of the two most recently completed fiscal years.
3. One copy of the Internal Revenue Service determination letter establishing the institution's or organization's nonprofit status.
4. Two additional copies of the application cover sheet.

## CHALLENGE GRANTS TIMETABLE

<b>December 1, Previous Year</b>	Date from which advance fund raising may occur
<b>March 1, This Year</b>	Date by which draft application should be sent to program staff for counsel
<b>April 15, This Year</b>	Date by which Endowment should receive applicants' letters of intent
<b>May 1, This Year</b>	Postmark deadline for sending formal applications to the Endowment
<b>November This Year</b>	National Council on the Humanities meets to review applications
<b>December 1, This Year</b>	Notification of awards; upon receipt of certification, beginning of release of federal funds
<b>July 31, Next Year</b>	Date by which grant recipients must complete certification for the first year's offer and file the first annual report

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## GENERAL INFORMATION

The National Endowment for the Humanities is an independent federal agency created in 1965 to support research, education, and public programs in the humanities.

The Endowment's grant-making activities are carried out through five divisions—Education Programs, Fellowships and Seminars, General Programs, Research Programs, State Programs—and two offices—the Office of Challenge Grants and the Office of Preservation.

For further information about other Endowment programs, call or write the Office of Publications and Public Affairs, Room 406, National Endowment for the Humanities, 1100 Pennsylvania Avenue, N.W., Washington, DC 20506, 202/786-0438.

In the act that established the National Endowment for the Humanities, the term *humanities* includes, but is not limited to, the study of the following disciplines: history; philosophy; languages; linguistics; literature; archaeology; jurisprudence; the history, theory, and criticism of the arts; ethics; comparative religion; and those aspects of the social sciences that employ historical or philosophical approaches.

Institutions or organizations sponsoring programs and activities in the social and natural sciences that are historical or philosophical, or that attempt to cast light on questions of interpretation or criticism traditionally in the humanities, are eligible to apply. Institutions that emphasize the practice or performance of the arts should apply to the National Endowment for the Arts.

In all instances, the burden of proving that funds will support work in the humanities lies with the applicant.

### I. CHALLENGE GRANTS GUIDELINES

The purpose of the Challenge Grants Program is to improve program quality and financial stability in institutions and organizations that support and study the humanities. Awards in this program are made only when there is evident need for Endowment funds both to attain fund-raising goals and to effect significant improvement or prevent significant losses in humanities programs.

Endowment challenge grants are designed to assist institutions in finding new sources of support for humanities programs. The recipient of a challenge grant must raise, from nonfederal donors, three times the amount of federal funds offered for a first award. Recipients of second-time awards will be required to raise four times the amount offered. These matching funds must meet the criteria for eligibility cited below. Institutions are limited to a maximum of two awards in this category. Applications for second-time awards are given lower priority than applications for first awards, and all highly meritorious applications for a first challenge grant will be selected for awards before any applications for a second grant are considered. The successful conclusion of a first challenge grant and the acceptance by NEH of final narrative and financial reports qualify an institution to apply at the next deadline for a second challenge grant. With the exception of elementary and secondary schools, any U.S. nonprofit institution or organization working wholly or in part within the humanities may apply for a challenge grant.

Funds may be invested in an endowment that produces income to support such diverse humanities programs as faculty development, cataloguing collections, fellowships, lecture series, visiting scholars, publishing subventions, hiring consultants, maintenance of facilities, endowed chairs, additional personnel, acquisitions, and preservation/conservation programs. Grant funds may also be used for direct expenditures where the benefits are long-term, for example, orientation exhibits, construction or renovation of buildings (up to a limit of \$250,000 in NEH funds), fund-raising costs (no more than 20 percent of total grant funds), retirement of debt, conservation of collections, renovation for climate control, and equipment purchases. Expenditures not eligible for funding are

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direct subsidies for general operations; funds for undergraduate scholarships or prizes, even if supported by endowment; and support for short-term projects eligible for grants from other Endowment programs.

### **Particular Encouragement**

The Endowment encourages applications from historically black colleges and universities as a part of the agency's initiative to support the humanities at those institutions. The Endowment also encourages all eligible institutions to submit applications that seek to build endowment in order to recognize and reward outstanding teaching at any level and applications proposing to improve the quality of teaching and learning of the humanities in elementary and secondary schools. Finally, the NEH invites museums, libraries, and historical organizations to make use of the Challenge Grants Program to endow positions and fellowships for scholars to undertake research on collections, participate in public programs, and offer counsel on humanities activities and exhibits.

### **Examples of Recent Awards**

A grant of \$250,000, plus \$750,000 in nonfederal funds for a total of \$1 million, was awarded to the San Antonio Public Library to support improvement of the humanities collections and endowment for further acquisitions in the humanities.

A grant of \$316,000, plus \$948,000 in nonfederal funds for a total of \$1,264,000, was awarded to the Montana Historical Society to support endowment of educational, conservation, and cataloguing programs.

A second challenge grant of \$250,000, plus \$1 million in nonfederal funds for a total of \$1.25 million, was awarded to Haverford College in Pennsylvania to support the endowment of a professorship and library acquisitions in comparative literature.

A grant of \$300,000, plus \$1.2 million in nonfederal funds for a total of \$1.5 million, was awarded to Knox College in Galesburg, Illinois, to support the endowment of library acquisitions in the humanities and part of the cost of renovating the library building.

A grant of \$25,000, plus \$75,000 in nonfederal funds for a total of \$100,000, was awarded to Empire State College/SUNY in New York to establish an endowment that will be used for faculty development projects in the humanities.

A grant of \$100,000, plus \$300,000 in nonfederal funds for a total of \$400,000, was awarded to National History Day in Cleveland, Ohio, to provide long-term support for a program that encourages secondary students to research and prepare historical papers, projects, and performances.

A grant of \$50,000, plus \$150,000 in nonfederal funds for a total of \$200,000, was awarded to the Society for Japanese Studies in Seattle, Washington, to support an endowment that will provide long-term subsidy for the publication of the *Journal of Japanese Studies*.

A grant of \$900,000, plus \$2,700,000 in nonfederal funds for a total of \$3,600,000, was awarded to the University of Arkansas in Fayetteville to support an endowment for the Center for Arkansas and Regional Studies and for the college's interdisciplinary Humanities Program; to support the renovation of "Old Main" to house humanities departments and faculty; and to support fund-raising and development activities.

A second grant of \$100,000, plus \$400,000 in nonfederal funds for a total of \$500,000, was awarded to the Woodrow Wilson Birthplace Foundation in Staunton, Virginia, to support renovation of an adjacent building that will house a permanent exhibition on Wilson and endowment of additional operating costs.

### **NEH/NEA Applications**

An applicant may submit simultaneous proposals for challenge grants to the National Endowment for the Humanities and the National Endowment for the Arts. No institution or organization, however, may receive

challenge grants from both agencies concurrently. Should both NEH and NEA offer a challenge grant to an institution or organization, the applicant may accept only one offer. (Exceptions to this rule will be considered by the NEH when the NEA challenge grant addresses needs that could not be met through an NEH challenge grant. Applicants concerned about this question should consult with NEH staff.) Any eligible institution may submit a challenge grant application to one agency if it has already completed a challenge grant at the other. To be eligible to apply to NEH, such an institution must have submitted an acceptable final report to NEA before the NEH application deadline.

### Grant Amounts

The requested grant amount should be appropriate to the needs of the humanities and the capacity for fund raising at the applicant institution. In recent years the federal portions of challenge grants have ranged from \$17,500 to \$1 million, which is the maximum amount awarded in this category. Where the Endowment determines that an application merits support only in part or at a reduced level, the offer will be less than the amount requested.

### Release of Funds

Challenge grants are offered over a maximum of three years of federal funding, but the raising of matching funds requires a longer period. The following examples illustrate how federal funds are released when the *first* matching dollar is raised, how the next two or three dollars must then be raised before the first matching dollar is raised to release the next portion of the NEH award, and how the grant period covers the raising of all matching dollars in nonfederal gifts.

<b>Fund-Raising Periods</b>	<b>12/1 to 7/31</b>	<b>8/1 to 7/31 Year #2</b>	<b>8/1 to 7/31 Year #3</b>	<b>8/1 to 7/31 Year#4</b>	<b>Totals</b>
	(20 or* 32 months)	12 months	12 months	12 months	56 months minimum

**Example One:** Funding pattern for a first-time \$300,000/three-year challenge grant: 3 to 1 match for a total of \$1.2 million. IN \$ THOUSANDS.

<b>Nonfederal</b>	\$100	\$300	\$300	\$200 =	\$ 900
<b>NEH</b>	100	100	100	--- =	300
<b>TOTALS</b>	200	400	400	200 =	1,200

**Example Two:** Funding pattern for a second-time \$300,000/three-year challenge grant: 4 to 1 match for a total of \$1.5 million. IN \$ THOUSANDS.

<b>Nonfederal</b>	\$100	\$400	\$400	\$300 =	\$1,200
<b>NEH</b>	100	100	100	--- =	300
<b>TOTALS</b>	200	500	500	300 =	1,500

\* Applicants who revise and resubmit their applications at the next deadline may use the same starting date and thus extend the first fund-raising period by 12 months. This enables applicants to keep faith with donors whose gifts have been solicited in anticipation of their receiving a challenge grant. If the resubmitted application is not funded, however, this additional time is not allowable in subsequent applications.



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## Description of the Review Process

Each application is assigned to a program officer, usually the staff member who advised the applicant. The program officer reads the application to ensure that it is complete and that both the institution and the proposal are eligible for consideration. Should there be any question about completeness or eligibility, the program officer will call or write the applicant.

During the 1989 cycle, there were seven panels convened for the review of challenge grant applications. Before meeting in Washington, DC, panelists read the applications assigned to them. At the panel meetings each application is discussed in light of the program's guidelines and the evaluation criteria described below.

The peer review panel is central to the evaluation of all Endowment applications. A panelist's primary responsibility is to identify for staff, the National Council on the Humanities, and the Chairman of the Endowment, the merits and weaknesses of each application. Each challenge grants panel includes reviewers whose collective backgrounds represent a variety of experience and knowledge about the humanities and about managing and financing nonprofit institutions and organizations.

The staff forwards the recommendations and suggestions of the panelists and makes its recommendations to a special committee of the National Council on the Humanities. The committee in turn reviews the recommendations and prepares a motion for submission to the full council. The National Council forwards its formal recommendations to the Chairman of the Endowment. After reviewing all comments, the Chairman by law makes the final decisions about funding. The Endowment then notifies each applicant about the disposition of the application.

## What Help Is Available?

Potential applicants should discuss their plans with the staff and should submit a draft application for review. One copy of a draft application should be sent to the staff no later than the beginning of March. The staff will offer comment and counsel by telephone or letter, so it is not necessary to travel to Washington, D.C. After March 1, in cases where no draft has been submitted, applicants should send a letter informing staff of their intention to apply and indicating the nature of the request and the amount of NEH funds that will be requested. The letter of intent should be received at least two weeks before the May 1 deadline. Once the Endowment has received a formal application in May, the staff will not comment about the status of an application, except to settle questions about completeness or eligibility, until announcements about funding decisions have been mailed.

Whether or not an applicant receives a grant offer, an applicant may request information about the review of the proposal after the formal review process has been completed (generally by December 1). Such information is valuable to institutions intending to revise and resubmit their applications in a subsequent cycle. It is also of value to institutions that receive awards.

## The Application and Its Preparation

The application should be typewritten, and the narrative should conform to standard manuscript presentation—**double-spaced** text on **one side** of a page only, with each page sequentially numbered. The one-page "institutional fact" summary, financial summary, and summary budget for challenge funds may be single-spaced. Because applications are mailed to panelists soon after their receipt at the Endowment, applicants should not use covers, laminated notebooks, or other methods of binding that add unnecessary weight to the documents.

## The Application Cover Sheet

Instructions for completing the cover sheet are on the following pages. The cover sheet identifies personnel responsible for administering the potential challenge grant, the amounts requested, the summary of proposed uses, and the kind of institution or organization applying. The cover sheet should be the first page of the original and each copy of the application. No cover letter is necessary.

# National Endowment for the Humanities

Washington, D.C.

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The following pages include:

- Instructions for Completing the Application Cover Sheet
- The Application Cover Sheet
- Field of Project Categories and Codes

Please read the instructions before completing applicable questions. Please print or type.

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Purpose: The National Endowment for the Humanities uses a single cover sheet for all of its programs. This cover sheet gathers information that is necessary in one of two ways:

(1) The information is necessary for efficient consideration of the application during the review process and in the administration of the grant if an award is made.

(2) The information is *required of the Endowment* in various reports to Congress, other federal agencies, and the public. The Endowment must provide reports that involve statistical information or descriptions that can be obtained quickly from the cover sheet. Information is recorded in a computer, which stores the data for subsequent compilation and reporting.

Please read the instructions for each question carefully. Answer each question by typing or printing your reply. Please verify your answers to be certain that they are correct and complete.

**You will find it helpful to complete the cover sheet last, after all other parts of the application have been prepared.**

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Privacy Act: The following notice is furnished in compliance with the Privacy Act of 1974:

The information is solicited under the authority of the National Foundation on the Arts and Humanities Act of 1965, as amended, 20 U.S.C. 956. This information is needed to process the grant application and for statistical research and analysis of trends. The routine uses which may be made of this information are: general administration of the grant review process; statistical summaries; congressional oversight; and analysis of trends. Failure to provide any of the requested information will result in the delay or rejection of the application.

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## Cover Sheet Instructions

The Office of Management and Budget requires federal agencies to supply information on the time needed to complete forms and also to invite comments on the paperwork burden. NEH estimates the average time to complete this application is fifty hours per response. This estimate includes the time for reviewing instructions; researching, gathering, and maintaining the information needed; and completing and reviewing the application. Please send any comments regarding the estimated completion time or any other aspect of this application, including suggestions for reducing the time to complete, to the Assistant Chairman for Operations, National Endowment for the Humanities, Washington, D.C. 20506; and to the Office of Management and Budget, Paperwork Reduction Project (3136-0062), Washington, D.C. 20503.

### Block 1—Project Director

**Item a.** Enter the name, title, and mailing address of the person who will carry out the project or be chiefly responsible for directing the humanities activities to be supported by the fundraising. This person's resume should be included as an appendix. (Information about the institution also is requested in Blocks 2 and 11.)

**Item b.** In the space provided, enter the number corresponding to the project director's preferred form of address:

1-Mr.	3-Miss	5-Professor
2-Mrs.	4-Ms.	6-Dr.

**Item c.** Enter the social security number and date of birth of the project director.

**Item d.** Enter the project director's full telephone number with area code and extension. Whenever possible, one of the telephone numbers listed should be a number at which a message can be left.

**Item e.** If possible, indicate the code for the appropriate major field from the list of Field of Project Categories and Codes on the reverse side of the Application Cover Sheet.

### Block 2—Type of Applicant

Prechecked.

Identify **Type** such as: business, religious, museum, historical society, government (state, local, etc.), public media (TV, radio, newspaper, etc.), educational (2-year college, 4-year college, etc.), library (public, research, etc.), center (advanced study, research, etc.). Identify **Status** as either Private Nonprofit or Unit of State or Local Government. Example: **Type:** Historical Society. **Status:** Private Nonprofit.

### Block 3—Type of Application

Check appropriate type:

**Item a. New**—application for this project submitted to NEH for the first time.

**Item b. Revision and Resubmission**—a version of the application for this project was submitted to NEH previously.

**Item c. Second-time**—this is an application for a second NEH challenge grant.

**Item d. Not applicable.**

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**Block 4—Program to which Application Is Being Made**

This information is preprinted on the form. Preprinted forms ensure that the applicant has the correct instructions for the specific program.

If application is being made under one of the Endowment's initiatives, indicate the number corresponding to the initiative in the space provided after Endowment Initiatives:

03C—The Foundations of American Society  
03M—Columbian Quincentenary  
03F—HBCU -- Challenge Grants

**Block 5—Requested Grant Period**

The grant period for new applicants begins on December 1 of the year before the deadline and ends July 31 fifty-six months later. For one exception to this rule, see page 7.

**Block 6—Project Funding**

Enter on lines a, b, and c the federal funds requested in three fiscal years. If requesting funds for less than three fiscal years, enter -0- on the appropriate lines. Line e should be three times the amount of total federal funds requested for applicants requesting a first challenge grant. Line e should be four times the amount of total federal funds requested for applicants requesting a second-time challenge grant.

**Block 7—Field of Project**

This will be appropriate only when particular humanities disciplines are involved. For example, an endowed chair in American history would be easily described here.

**Block 8—Descriptive Title of Project**

The humanities activities to be supported by the fund raising should be described here. Examples: Endowing Cataloguing and Conservation; Endowing Faculty Development; Endowed Chairs in Classics and Philosophy; Adding to Endowment for Library Acquisitions; Endowing Visiting Scholars Program.

**Block 9—Description of Project**

Provide a brief description of the proposed project. Mention the major needs in the humanities that the project is designed to meet, and, if appropriate, place the fund-raising effort in the context of the larger capital campaign. Do not exceed the space provided.

**Block 10—Will This Proposal Be Submitted to Another Government Agency or Private Entity for Funding?**

Enter "Yes" and indicate the proposed sources of major matching gifts.

**Block 11—Institutional Data**

**Item a.** Indicate the name of the institution and the city and state of its official mailing address.

**Item b.** Enter the institution's employer identification number.

**Item c.** Indicate the name and title of the person who is authorized to submit the application on behalf of the institution or organization and to provide the certifications required in Block 12.

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**Item d.** Indicate the name, mailing address, form of address (see instructions for Block 1b), and the telephone number of the person who will be responsible for the financial administration of the grant if an award is made. For example, at many universities the provost, vice president, president, or chancellor is the person “authorized” to submit an application (see item c), but the actual administration of the project—such as, negotiating the project budget, ensuring compliance with the terms and conditions of the award—is the responsibility of a grants or research officer. It is the latter person who should be listed here.

**Block 12—Certification**

The Endowment is required to seek from institutional applicants a certification regarding the nondiscrimination statutes and from all applicants certifications regarding federal debt status, debarment and suspension, and a drug-free workplace. By signing and submitting this application, the individual applicant or the authorizing official of the applicant institution is providing the applicable certifications. Please refer to the “Certifications” and the accompanying instructions in the appendix to these application guidelines.

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## Table of Contents

Following the cover sheet should be a table of contents providing page numbers for the required summaries, for all subsections of the proposal narrative, and for the appendices. Any enclosed supplementary materials should also be listed.

## Institutional Fact Summary

Following the table of contents should be a summary in outline form of relevant facts and statistics about the institution or organization. This summary may be single-spaced but **should not exceed one page in length**. In addition to a statement identifying

the institution or organization,  
year established or founded,  
and institutional type,

the following kinds of information should be summarized:

### For Museums and Historical Organizations

- o Recent attendance figures
- o Description of collections
- o Percentage of humanities programs
- o Number of temporary or special exhibits each year
- o Description of recent education programs
- o Publications program, if applicable
- o Size and breakdown of staff
- o Description of governing board, executive committee
- o Current paid membership
- o Size of friends groups, if any
- o Admission fees
- o Description of physical plant
- o Accreditation or MAP program, if applicable

### For Colleges and Universities

- o Enrollment figures
- o Current tuition and fees
- o Admissions statistics for past three years
- o Faculty statistics
- o Percentage of faculty in humanities
- o Percentage of humanities faculty with doctoral degrees
- o Types and numbers of degrees awarded in last two years
- o Accreditation
- o Library statistics
- o Faculty salary range and mean salary by faculty rank
- o Percentage of courses in the humanities
- o Percentage of students with humanities majors
- o Enrollment in humanities courses

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### **For Public Libraries**

- o Population and geographic size of the area served
- o Description of collections
- o Extent of humanities collections
- o Hours open per week
- o Annual circulation figures for the last three years
- o Number and breakdown of staff
- o Size of friends group, if any
- o Type and size of governing board
- o Description of physical facility

### **Nonprofit Media Stations and Organizations**

- o Hours on air weekly
- o Hours of humanities programming
- o Status of organization: independent or university-affiliated
- o Number and breakdown of staff
- o Listing of recent humanities programs
- o Audience profile
- o Number of members for each of the past three years
- o Friends group, if applicable
- o Studio and production facilities

### **Professional Organizations and Societies**

- o Number of members for each of the past three years
- o Membership profile
- o Number and breakdown of staff
- o Publications, if any
- o Annual meetings, symposia, and events sponsored
- o Annual dues or membership fees for the past three years
- o Membership or affiliation in other societies
- o Size and type of governing board or editorial board
- o Relationship to any host institution or organization
- o Percentage of programming in the humanities

### **Financial Summary**

Following the institutional fact summary sheet should be a one- or two-page summary of the institution's or organization's finances. This should give a clear indication of the financial health of the institution during the last three years. The format suggested on the next page should be followed as closely as possible. The information should pertain to annual operating budgets, exclusive of capital campaign or other special income and exclusive of capital project expenditures. Figures should be compatible with figures cited in the text of the proposal and with the accompanying audits. Significant operating surpluses or deficits should be explained. If applicable, the financial summary should include an addendum listing sources and amounts of gifts for capital projects and endowments, broken down by types of donors, during the same three fiscal years.

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FINANCIAL SUMMARY SHEET

Year Before

Last Year

This Year (Est.)

CURRENT OPERATING INCOME:

**Contributed**

Trustees/Individuals  
Groups  
Corporations  
Private Foundations  
Local/State Government  
Federal (Other than NEH)  
NEH Program Support  
Other (Explain)

**Investment**

Interest  
Dividends  
Endowment  
Other (Explain)

**Earned**

Admissions/Tuition and Fees  
Sales and Subscriptions  
Memberships  
Sales of Capital Assets  
Other (Explain)

TOTAL OPERATING INCOME:

CURRENT OPERATING EXPENDITURES:

Administration  
Programs  
Maintenance and Operations  
Other (Explain)

TOTAL OPERATING EXPENDITURES:

EXCESS (DEFICIT) FOR YEAR:

CURRENT FUND BALANCES:

HUMANITIES EXPENDITURES:

(Estimate percentage of operating expenditures attributable to the humanities and explain basis for estimate in a footnote or refer to explanation in the narrative.)

ENDOWMENT:

Market Value, Total Current Yield (percent), Yield Reinvested (percent), Yield Expended (percent).

OTHER ASSETS:

Replacement Value of Plant and Equipment, Other (Explain).



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## Challenge Grant Budget

Following the financial summary, please provide a clearly itemized one-page summary budget describing how all challenge grant funds—federal and nonfederal—would be expended. Where funds will be invested, the budget should show how anticipated annual revenues will be spent once the endowment is fully established.

EXAMPLE	CHALLENGE GRANT BUDGET
Building renovation	\$ 750,000
Endowment	1,250,000
TOTAL GRANT FUNDS (NEH plus Match)	\$2,000,000
Annual Endowment income (5 percent)	62,500
	Acquisitions (12,500)
	Extra Staff (50,000)

## The Proposal Narrative

This is the most demanding and individual part of the application and the part most needing staff counsel at the drafting stage. The generalizations offered here may be valuable, but they are necessarily vague. Their main purpose is to stress the level of detailed long-range planning that is required of a successful application. Samples of successful applications are available from the program's lending library on request.

The narrative should describe fully the state of humanities programs at the institution and the plans for improving the study of the humanities and improving access to humanities programs. It should also present a financial picture of the organization and project plans for raising matching funds to support needs in the humanities.

The criteria that will be applied in evaluating applications should be closely observed by those preparing applications. Indeed, a well-organized application will address each standard in turn:

1. The improvement in the study of the humanities offered by this application is significant, and its lasting value seems commensurate with the amount of money requested.
2. The application offers a full and honest assessment of the state of the humanities in the context of careful long-range planning and proposes reasonable solutions for the problems and difficulties cited.
3. The needs in the humanities, the related financial needs, and the need for NEH funding are persuasively demonstrated in the application.
4. The fund-raising plan is persuasive and likely to continue producing funds that will benefit the humanities beyond the grant period.
5. (APPLICATIONS FOR A SECOND-TIME AWARD ONLY)  
The first award amply fulfilled the purposes of the grant and the program, and the need for a second award is documented in the application.

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The Endowment does not stipulate a specific length for the narrative, but it should be noted that many excellent applications are no longer than twenty double-spaced pages. **It follows that a narrative exceeding thirty pages is probably longer than necessary.** Statistical and other supporting materials should be relegated to appendices. Single copies of printed brochures, catalogues, or other descriptive materials may be included in the application package and referred to in the text of the narrative.

The proposal must include, in an appendix if desired, a paragraph describing recent NEH or humanities state council grants to the institution and any pending NEH applications. If the applicant has held an NEA challenge grant, there should be a brief description of work accomplished with that grant. If the applicant has applied for or has received a Department of Education Title III grant for Developing Institutions, the differences between the Title III grant and the NEH challenge request must be explained.

### **Current Operating Budget**

Attached to each copy of the proposal narrative should be a copy of the current operating budget as approved by the trustees and governors. If this document is unusually long or cumbersome, a suitable abstract is appropriate. Where the proposal is devoted to a single entity within a large institution, such as a university library, it is the operating budget of the smaller entity that is needed.

### **Lists of Trustees and Staff**

A list of the institution's board of governors or trustees with their professional affiliations and a list of staff and faculty members principally involved with the challenge grant, indicating their professional qualifications, should be attached to each copy of the proposal.

### **Most Recent Audited Financial Statements**

Endowment staff review the official audits for the two most recently completed fiscal years. Where the applicant is a large and complex institution, and the proposal deals only with one unit of that institution, such as a university library, it is the audits of that unit that are needed. These audits are available for panelists to review when they meet in Washington to discuss applications. The audits should be submitted in the application package but should not be attached to any of the other documents.

### **Resume of Project Director**

The project director should be the person primarily responsible for implementing the humanities activities described in the proposal narrative. The resume, which should be an appendix to the application, should demonstrate training and experience in the humanities appropriate to the activities described.

### **Letter from the State Historic Preservation Office**

Applicants requesting support for the construction of a free-standing structure, for building renovations, or for additions to buildings of any age are required to consult with their state historic preservation officer to determine if a property or site is listed, or is eligible for listing, in the National Register of Historic Places.

The opinion of the preservation officer about whether or not the property is eligible for listing in the National Register should be forwarded to the Endowment as an appendix to the application. If it is determined that a property is eligible for listing, the applicant should also forward the written comments of the preservation officer as to the proposed project's effect on the building or site according to the guidelines set forth in the Secretary of the Interior's "Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings." A description and/or map of the property, architectural plans, and any other such documents suggested by the preservation officer should be included in the supporting materials. A letter of support for the project from the state historic preservation officer does not meet the requirement for a letter commenting on the effect of the renovation, addition, or new construction.

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If an award is made, the Endowment will provide this information for review to the Advisory Council for Historic Preservation to satisfy the agency's responsibility under Section 106 of the National Historic Preservation Act of 1966 (16 USC 470f) as amended.

### **The IRS Determination Letter**

If a nonprofit organization or institution holds letters from the U.S. Internal Revenue Service declaring the institution or organization exempt from certain types of taxes, a copy of that letter should be included with the application package.

### **Common Pitfalls**

These are the most common reasons applications fail to receive awards:

- o The solution proposed for the humanities problems described does not represent the best possible use of these funds.
- o The plans for humanities programs are not sufficiently developed for an assessment of their quality to be made.
- o The programs described do not include the participation of appropriately qualified humanities personnel.
- o Funds to be raised will replace operating funds currently used for humanities programs, and so an award would not help to increase support for the humanities.
- o The application confuses the humanities with the fine and performing arts or with current affairs programming.
- o The proposal contains insufficient information about the substance, rigor, and standards of humanities programs.
- o The fund-raising plan is not persuasive.
- o For an application for a second-time award, no compelling case is made for a second-time award based on the experience of the first.

### **The Next Move**

Potential applicants may wish to phone for an appointment with a staff member to discuss the preparation of an application, or they may find it more convenient to send a preliminary letter to initiate discourse. Such a letter may be useful as the basis for a draft proposal at a later date. The office maintains a lending library of successful applications which can serve as examples to those preparing to draft proposals. Early contact with the staff both to secure counsel and access to the lending library is recommended.

### **Special Endowment Initiatives**

**The Foundations of American Society:** Within its existing programs, the Endowment continues to encourage study, research, and discussion about the history, culture, and principles of the American founding, an emphasis that began with the NEH initiative on the bicentennial of the U.S. Constitution. Proposals may deal directly with the events and achievements of the founding, including the ratification of the new Constitution, the establishment

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of the federal government, and the works of philosophy, politics, literature, and art that were produced during this founding period. They may also treat later events, achievements, and works that have resulted or developed from the founding or that reflect or respond to its concerns and principles.

**The Columbian Quincentenary:** As part of the international observance of the 500th anniversary of Christopher Columbus's voyage of discovery to the New World, NEH invites proposals for original scholarship on related topics and for the dissemination of both new and existing scholarship. Topics may include the expansion of European civilization through the efforts of the Spanish and Portuguese crowns, and the establishment of new societies and new forms of cultural expression through encounters among native American, European, and African peoples. Proposals may also explore the ideas—political, religious, philosophical, scientific, technological, and aesthetic—that shaped the processes of exploration, settlement, and cultural conflict and transformation set into motion by Columbus's momentous voyage.

## II. ADMINISTRATION OF GRANTS

**NOTE: GRANTEES WILL NEED THESE PAGES. DO NOT DISCARD!**

### **Matching Requirements and Gift Eligibility Criteria**

All challenge grant funds, federal and matching, must be raised and expended during the grant period. **It is important to note, however, that deposit of funds into an interest- or dividend-bearing account constitutes expenditure.**

Grantees who want to adjust the fund-raising schedule or otherwise amend the conditions of the original grant award letter should submit to the Office of Challenge Grants a letter explaining the reasons for the requested change. Requests for extension of any annual federal offer or for the extension of the final fund-raising period, should be submitted to the office in writing before June 30 of the pertinent year. Such extensions are normally granted in periods of twelve months.

If insufficient matching funds are raised in any year, the unmatched federal funds may be re-allocated to a subsequent year or forfeited at the discretion of the Endowment. The forfeiture of some or all federal funds in any given year proportionately reduces the total matching requirement. Forfeiture of federal funds in one year does not affect the amounts of the federal offers in subsequent years. Failure to complete matching requirements in the final grant year would require the return of some federal funds. Properly submitted requests for changes in the schedule (see above) will in most cases relieve grantees of the penalties of forfeiture or return of federal funds.

### **Eligibility Criteria for Matching Funds**

1. The basic criterion for gift eligibility is that gifts must be in response to or in anticipation of the challenge grant and therefore "new." **All donors must be aware their gifts are to be used to match an NEH challenge grant.** Proof of donor awareness can be in the form of individual letters (required for all pledges as well as cash gifts of \$1,000 or more); membership or alumni solicitation mailings; newsletters; public notices regarding contributions, admission fees, or gift shop sales; posters or other publicity for fund-raising events; scripts for telethons or for radio or television solicitations; or other written documentation that can be retained by the challenge grant recipient.

2. It is also essential that **the matching gift be used to support the purposes outlined in the approved challenge grant application.** For example, a college received a challenge grant for the purpose of establishing an endowed chair in history and augmenting an endowment for library acquisitions in the humanities. The application cited the size of the endowment needed to produce an expected yield to support certain costs. If a donor contributes a piece of art to the school's museum collection—even though the donor restricts it to match the challenge grant—the contribution would not be eligible. However, if that donor contributed the object to be sold

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and intended the proceeds to be used for the endowed history chair or library endowment, then the proceeds from the sale of such a gift could be eligible.

3. Lastly, **all matching gifts must be given during the challenge grant period.** A pledge made in the first year of a challenge grant could be used to release federal funds as long as that pledge commitment is fulfilled within the grant's fund-raising period and meets the other eligibility criteria. But payment of pledge commitments made before the challenge grant period are not eligible because neither pledge nor payment was made in response to the challenge grant.

### **Other General Principles of Gift Eligibility**

Gifts must not derive from an institution itself, and it is inappropriate for an institution to shift internal budgets or reallocate internal funds for matching purposes. The sale of land or assets already owned by an organization, therefore, would not be eligible. Likewise, income from endowed funds is not new income. Recipients may *not* include as part of their match any interest earned on gifts made for challenge grant purposes.

### **Internal Record Keeping for Matching Gifts**

Grant recipients have the responsibility of accounting for the eligibility of all matching funds, and their records are subject to audit. The recipient must keep on file documentation showing 1) the value of all donations; 2) the donor's awareness that the gift is being used for challenge grant purposes; 3) evidence that the gift was received during the grant period; and 4) the expenditure of grant and matching funds during the grant period. All records must be kept for at least three years after the Endowment's acceptance of the final reports.

### **Donor Transmittal Letter or Pledge**

A donor transmittal letter of some type is required for all gifts of \$1,000 or more. All pledges, regardless of amount, must be in writing. The following donor transmittal letter is a model that you may want contributors to use:

(Date)

Dear (**authorizing official**):

In support of your National Endowment for the Humanities challenge grant proposal (#C\_\_\_\_\_), I/we hereby pledge/give the sum of \$\_\_\_\_\_ to be used to match and to be expended for the approved purposes of this grant. I/we will make payment on this gift, in cash or negotiable securities, directly to (**name of grant recipient organization**) on or before (**date of payment**), but in no event later than (**grant termination date**).

Sincerely,(Signature), Name and Address of Donor

This document may also be used to record direct gifts (as opposed to pledges). If so, the donor should indicate payment is enclosed and the phrase "...or before \_\_\_\_\_, but in no event later than (termination date)" may be deleted.

In the case of donations of less than \$1,000, it is not necessary to have each donor complete such a letter if the solicitation material includes sufficient information, such as a pledge card signed by the donor that shows his address, the eligible amount of the gift, the date by which the gift will be paid (within the grant period), and a preprinted reference to the use of the donation to match an NEH challenge grant.

Documentation for all matching gifts and other evidence of eligibility, such as brochures, posters, recordings, newsletters, and other publicity material, should be maintained by the grant recipient for at least three years beyond the submission of the final certification for funds. In most instances, it is not necessary to send this documentation to NEH to qualify for the release of funds.

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6. **Affiliated groups.** The eligible amounts from pooled rather than individual sources or other separate but associated groups. Examples include the Alumni Association, the Class of 1933 as a group gift, membership fees, or "friends" groups.
  7. **Special events and benefits.** This would be the increased amount of net proceeds from events, such as auctions, raffles, benefit concerts, or other special fund-raising events.
  8. **Other.** This category includes the eligible amounts of gifts from miscellaneous sources not classified above. If this amounts to more than 10 percent of the matching requirement, please describe the donor sources in the annual narrative report.

Questions about determining the appropriate category of a gift should be directed to the staff of the Office of Challenge Grants.

### **Additional Documentation Needed for Certain Kinds of Gifts**

As stated elsewhere, the certification form is the only documentation to be sent to NEH for most kinds of gifts, although thorough internal records should be maintained for all gifts. In addition to the certification form that should include the total of all gifts, please forward to the NEH Grants Office the following additional material for these types of gifts:

#### **1. Gifts of real estate:**

- a) a signed and dated copy of the donor's gift transmittal letter indicating whether the property will produce income or is to be liquidated in order to achieve the purpose of the grant; and
- b) if the property is income-producing, the income may be certified periodically when it is received; or
- c) if the gift is converted into cash by means of sale, a copy of the bill of sale.

#### **2. In-kind gifts of services, materials, or other types of tangible donations:**

- a) a description of the objects, materials, or services provided;
- b) if the gift is service, indicate the total number of hours contributed and an explanation of the value of the labor computed on an hourly basis; and
- c) if the gift is contributed materials, an appraisal based on standard rates and
- d) a signed and dated transmittal letter from the donor.

### **Pledges Included in Certification**

As indicated in other sections, pledges made in response to the challenge grant may be eligible as long as the pledges are to be fulfilled by the end of the grant period. If any pledge donor defaults in payment, then the grant recipient must either 1) enforce collection of the pledge within the grant period, 2) substitute and report to NEH other eligible gifts, or 3) return to NEH that portion of federal funds, plus any interest earned on those funds, left unmatched because of the defaulted pledge or pledges. Concerns about defaulting should be discussed with Endowment staff at the earliest possible time.

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The certification form does not distinguish the amounts of outstanding pledges from portions already paid. With the submission of the final certification, the grant recipient should indicate in the appropriate space on the form that all pledges have been paid.

Because the form does not distinguish pledges from payments already made, it is important that the grantee institution keep clear records of all payments received against eligible certified pledges to prevent duplication of those amounts in subsequent certifications.

### **Reporting Requirements**

The Endowment requires an annual narrative report on each grant. This will usually be written by the project director and should be submitted on or before July 31 each year (except the final year) during the grant period. The report may be in the form of a letter and should include:

1. A statement summarizing the approved plan of expenditures and enumerating the disposition (pledged, invested, or expended) of both federal and nonfederal funds for each purpose thus far. If funds are being used to create an endowment, an explanation of how the yield is being put to use should be added. Where such revenues are supporting expenditures (for example, on new positions), these activities should be described in some detail. For instance, when an endowed chair is filled, the incumbent's resume should be attached to the report.
2. The effects of the grant expenditures (if any) thus far on humanities programs or activities. Any changes in the status of humanities programs or activities since the proposal was written or since the last report was submitted.
3. If applicable, any unexpected impact—positive or negative—resulting from the challenge grant.
4. The progress of the fund-raising plan, including successes, problems, and variety of fund-raising techniques employed. Please append to the annual narrative report samples of brochures, mailings, and publicity regarding the fund-raising efforts.

Within ninety days after the end of the grant period, recipients must submit to the Endowment a final narrative report. In addition to reporting the expenditures of the total grant income and comparing them to the categories of expenditure proposed in the original application, if any changes have occurred, the final report should examine broadly the impact of the grant by comparing the institution's finances and humanities activities before and after the challenge grant period. For instance, to what degree did the challenge grant meet the goals of the application? What effect did the grant have on the quality of the programs, activities, or resources of the institution? Did the grant stimulate enhanced awareness of the importance of the humanities either internally or for the general public? (If it did, please give examples.) Did the leverage of the NEH challenge grant produce more than the three-to-one or four-to-one match? From the perspective of a completed campaign, would the institution have done anything differently?

Accompanying the final narrative report should be a final certification form that shows that all pledges used to match the grant have been collected or that other eligible matching gifts have been substituted for uncollected pledges. Please complete the line on the certification form acknowledging this condition.

An institution may submit a final narrative report at any time after certifying completion of its matching requirement and receiving all federal funds that are due. It may be advantageous to do so in advance of the due date if there is a possibility of applying for a second challenge grant.

Please send the original and one copy of the annual and final narrative reports to the NEH Grants Office (see above for address).

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## Changes To Be Requested of, or Reported to, NEH

### 1. Purpose of Expenditure

Reasonable changes in proportions of the planned yearly expenditures do not require prior approval for challenge grants as long as the total amount for each purpose does not change. For example, if an approved application included expenditures for renovation and endowment with a schedule of what proportion of grant funds would be expended for both purposes yearly, variations in the yearly rate of expenditures would not have to be approved by NEH but only reported in the annual report.

Shifts in the total amounts to be expended for approved purposes or changes from an approved purpose to a new purpose must be approved in advance by the Office of Challenge Grants. The Endowment recognizes that, in multiyear grants such as challenge grants, needs and priorities may change and long-range planning goals may have to be amended. A change in authorized expenditures may be requested if the proposed change is in keeping with the permissible expenditures of the program and is demonstrated to be a reasonable course of action for a particular organization in a particular situation in order to strengthen its humanities resources or activities. (See section on program guidelines for more information on this topic.)

### 2. Changes in Personnel, Addresses, etc.

Grant recipients are asked to inform the Endowment promptly of any changes in the authorizing official, institutional grant administrator, project director, and addresses and telephone numbers. Such notification may be done through correspondence with either the Office of Challenge Grants or the Grants Office. If the project director changes, the resume of the new incumbent should be submitted. It is also helpful to have current information about any other key persons involved with the fund raising, record keeping, or administration of the challenge grant, although such persons are not designated as either the project director or authorizing official.

### 3. Extensions of Deadlines

A request to extend the July 31 deadline for certification of required matching funds should be made at **least thirty days before that deadline**. A grant recipient may request an extension for the submission of narrative reports provided there is reasonable cause. In all cases, requests for extensions should be made in writing to the Office of Challenge Grants at least thirty days before the July 31 deadline.

## GENERAL PROVISIONS

The following provisions, in addition to any special conditions incorporated in the grant award letter, are applicable to and binding upon recipients of grants from the Endowment.

Grant recipients should understand that acceptance of an award creates a legal duty on the part of the grant recipient to use both gifts and federal funds in accordance with the terms of the grant and to comply fully with all provisions and conditions. In the event of a conflict between these provisions and any special conditions of the grant award letter, the terms of the grant award letter will govern.

It is understood that whenever the Endowment finds that the grant recipient is not complying with the terms and conditions of the grant or has diverted grant funds for purposes other than those for which they were awarded or paid, the Chairman shall make no further grants or payments on current grants until the failure to comply with such terms and conditions or the diversion has been corrected, or, if compliance or correction is impossible, until the grant recipient repays or arranges for repayment of the federal funds that have been improperly diverted or expended.



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## **1. Grant Accounting, Records, and Audits**

The grant recipient shall maintain accounts, records, and other evidence pertaining to costs incurred and revenues acquired under this grant. The system of accounting employed by the grant recipient shall be in accordance with generally accepted accounting principles and will be applied in a consistent manner so that expenditures can be clearly identified. The records should clearly show that matching sums are not less than the amounts contemplated in the grant agreement and amendments or modifications thereto.

The Endowment may inspect and audit the grant recipient's financial accounts and records or may designate a qualified person to do so on its behalf at any time during reasonable business hours and with such frequency as may be deemed necessary. Inspection and audit may include pre-disbursement visits to determine the adequacy of the grant recipient's accounting system. In addition, the U.S. General Accounting Office may conduct inspections and audits when and to the extent it deems advisable. Financial records must be kept on file for at least three years after the Endowment's acceptance of the final reports. The required retention period may be extended by written notification from the Endowment.

## **2. Limitations on the Use of Grant Funds**

The total payment by the Endowment to the grant recipient will not exceed the amount set forth in the original grant award letter or a written modification thereof.

Grant and gift funds may be expended only for purposes set forth in the proposal as originally approved or subsequently amended.

In cases where funds have been misapplied by a grant recipient or subgrantee, the Endowment has an ownership interest in all funds or property acquired with the use of misapplied funds.

## **3. Termination of Grants**

Circumstances may arise in which either NEH or the grantee wishes to terminate a project in whole or in part. If both parties agree that the continuation of the project would not produce results commensurate with the further expenditure of funds, the grant may be terminated by mutual agreement.

When NEH determines that a grantee has failed to comply with the terms and conditions of a grant agreement, NEH may suspend or terminate the grant for cause. Normally, this action will be taken only after the grantee has been notified of the deficiency and given sufficient time to correct it, but this does not preclude immediate suspension or termination when such action is required to protect the interests of the government.

In the event that a grant is suspended and corrective action is not taken within ninety days of the effective date, NEH may issue a notice of termination. No costs that are incurred during the suspension period or after the effective date of termination will be allowable except those that are specifically authorized by the suspension or termination notice or those that, in the opinion of NEH, could not have been reasonably avoided.

Within thirty days of the termination date, the grantee shall furnish to NEH a summary of progress achieved under the grant, an itemized accounting of charges incurred against grant funds and cost sharing prior to the effective date of the suspension or termination, and a separate accounting and justification for any costs that may have been incurred after this date.

## **4. Nonprofit Status**

The National Endowment for the Humanities is authorized to make grants to "groups," and the National Foundation on the Arts and the Humanities Act of 1965, as amended, defines a "group" as including "any State or other public agency, and any nonprofit society, organization/institution, association, museum, or establishment in the United States, whether or not incorporated." By accepting this grant, the recipient warrants itself to be a "group" qualified under the above definition. It is the responsibility of the grant recipient to notify the Endowment promptly of any changes from this status.

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It should be understood by the grant recipient that in the event an award of a grant is erroneously made to an organization, institution, or group subsequently determined to be ineligible for a grant under the act, the award will be terminated; and the grant recipient will be required to repay to the Endowment funds received under the improper award.

#### 5. Wage Rates for Renovation and Construction Projects

Grant recipients are required by law to furnish assurances to the Secretary of Labor that all laborers and mechanics employed by contractors or subcontractors on Endowment-supported construction projects shall be paid wages at rates that are not less than those prevailing on similar construction in the locality, as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended, 40 U.S.C. 276a-276a-5. Additional information is available by contacting the U.S. Department of Labor, Wage and Hour Division, Division of Contract Standards and Operations, 200 Constitution Avenue, N.W., Washington, DC 20210.

#### 6. Lobbying Prohibition, 18 USC 1913

Endowment grants do not authorize any action in violation of 18 USC 1913 which is set forth below:

No part of the money appropriated by any enactment of Congress shall, in the absence of express authorization by Congress, be used directly or indirectly to pay for any personal service, advertisement, telegram, telephone, letter, printed or written matter, or other device, intended or designed to influence in any manner a Member of Congress, to favor or oppose, by vote, or otherwise, any legislation or appropriation by Congress, whether before or after the introduction of any bill or resolution proposing such legislation or appropriation; but this shall not prevent officers or employees of the United States or of its departments or agencies from communicating to Members of Congress on the request of any Member or to Congress, through the proper official channels, requests for legislation or appropriations which they deem necessary for the efficient conduct of the public business.

### GLOSSARY OF TERMS

**Advance fund raising:** While preparing and submitting an application, an applicant may solicit and collect eligible matching gifts in anticipation of receiving an NEH challenge grant. Such gifts are eligible if made on or after December 1st of the year preceding the year in which the application is made and the decision on that application is announced. Because the first "year" of an award does not end until July 31 of the following year, this means that the first certification period lasts for twenty months.

**Award:** 1) The *federal award* refers to the total amount of NEH funds in any particular fiscal year; 2) the *total challenge grant award* refers to the total amount of NEH and gift funds used for the purposes described in the application.

**Certification:** The process by which the grant recipient provides evidence to NEH that the required matching donations have been raised within the appropriate time period and in accord with eligibility criteria. The certification form is the only paperwork to be sent to NEH to certify most kinds of gifts.

**Fiscal year:** The federal fiscal year begins October 1 and ends on September 30 (for example, FY 1990 begins October 1, 1989, and ends on September 30, 1990). All grant offers correspond to federal fiscal years. Please note: Certification deadlines of July 31 precede the end of a federal fiscal year by two months to provide the Endowment sufficient time to review certification documents and authorize payment of funds.

**Forfeiture:** The loss of all or part of the federal award because of failure to meet the matching requirements.

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**Fund-raising period:** The period of time a grant recipient has to raise matching funds, that is from December 1 of the year preceding the Endowment's offer of a challenge grant to July 31 four years after (or a total of 56 months).

**Grant period:** For the purposes of a challenge grant, the grant period is the same as the fund-raising period.

**Institutional Grant Administrator:** The person who is responsible for the financial administration of the grant.

**Match:** The required amount of nonfederal donations to the recipient institution that must be specifically for the purpose of the NEH challenge grant and must total at least three times the amount of federal funds awarded.

**New gifts:** Gifts received during the fund-raising period in anticipation of or in response to the NEH challenge grant.

**Offer:** The offer of a challenge grant, on condition of certain matching and general provisions, is made in the "award letter" from the NEH Chairman to the authorizing official of the recipient organization.

**Official Notice of Action:** The means by which NEH responds to a grant recipient's certification of matching gifts, by acknowledging those gifts and authorizing the release of an appropriate amount of federal funds.

**Project Director:** The person primarily responsible for implementing the humanities activities described in the proposal, and therefore the one most likely to be the author of the annual narrative reports.

NATIONAL ENDOWMENT FOR THE HUMANITIES

CERTIFICATION OF MATCHING GIFTS FOR NEH CHALLENGE GRANT  
CERTIFICATION REPORT NO. \_\_\_\_\_

Grantee Organization: \_\_\_\_\_ Date: \_\_\_\_\_

The amounts entered in the columns below represent gifts received to match NEH Challenge Grant #\_\_\_\_\_. The numbers at the left of each column correspond to the designated codes for particular categories of donor sources explained on the back of this form.

(1) Total of matching gifts certified in previous certification number _____ dated _____:	(2) Total of additional gifts raised since last certification:	(3) Cumulative sum of all matching gifts raised to date (Col. 1 + Col. 2):
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Donor <u>New Gifts</u> <u>Category</u>		Donor <u>New Gifts</u> <u>Category</u>		Donor <u>New Gifts</u> <u>Category</u>
1. _____	+	1. _____	=	1. _____
2. _____	+	2. _____	=	2. _____
3. _____	+	3. _____	=	3. _____
4. _____	+	4. _____	=	4. _____
5. _____	+	5. _____	=	5. _____
6. _____	+	6. _____	=	6. _____
7. _____	+	7. _____	=	7. _____
8. _____	+	8. _____	=	8. _____
Total: _____	+	Total: _____	=	Total: \$ _____

OVER

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## Donor Categories

1. **Individuals.** The total of eligible gifts donated by individual persons. These individuals may be alumni, trustees, patrons, or others not included in category #6 (groups).
2. **Corporations and businesses.** The eligible amounts from local businesses and corporations and, also, company sponsored or corporate foundations.

**Note:** Many businesses sponsor a program whereby an individual employee's gift to a cultural organization may be complemented by an additional amount from the employer. The company's gift is responsive to the initiative of the employee and can count for matching purposes. The net increase of the sum of the employee's gift plus match from the employing company should be included under category #1 for gifts from individuals.

3. **Private or public foundations.** Amounts of gifts from national, state, or community foundations.
4. **Gifts from labor unions or professional or trade associations.**
5. **Nonfederal government units,** such as state legislative bodies or agencies, county boards, or municipal revenues.
6. **Affiliated groups.** The eligible amounts from pooled rather than individual sources or other separate but associated groups. Examples include the Alumni Association, the Class of 1933 as a group gift, membership fees, "friends groups."
7. **Special events and benefits.** This would be the increased amount of net proceeds for events such as auctions, raffles, benefit concerts, or other special fund-raising events.
8. **Other.** The category includes the eligible amounts of gifts from miscellaneous sources not classified above. If this amounts to more than ten percent of the matching requirement, please describe the donor sources in the annual narrative report.

Do any of the figures in column 1 reflect revisions of amounts in the previous certification report?

Yes \_\_\_ No \_\_\_

If this is intended as your last certification of matching gifts for your Challenge Grant, do the amounts reflect only *collected* pledges? Yes \_\_\_ No \_\_\_

Reminder: Certain types of gifts require additional documentation. If any such gifts are included in amounts reported in column 2., please include necessary documentation.

I certify that the information contained herein is true and correct: that all reported gifts and contributions are from new sources; that all gifts were made in response to the NEH Challenge Grant; and that these gifts meet the criteria for eligibility established by NEH and will be expended for the intended grant purposes. Documentation which substantiates the sources, purposes, eligibility, and expenditure of the gifts will be retained for three years following the submission to NEH of the final grant narrative report.

Signature of Project Director: \_\_\_\_\_ Date: \_\_\_\_\_

Signature of Institutional Grant Administrator: \_\_\_\_\_ Date: \_\_\_\_\_

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## APPENDIX

### Instructions for Certification

1. The Endowment is required to seek from institutional applicants a certification regarding the nondiscrimination statutes and from all applicants certifications regarding federal debt status, debarment and suspension, and a drug-free workplace.
2. By signing and submitting this proposal the individual applicant or the authorizing official of the applicant institution provides the applicable certifications. When a prospective applicant is unable to provide the Endowment with certification regarding the nondiscrimination statutes or a drug-free workplace, the prospective applicant is not eligible to apply for funding from the Endowment. When the applicant is unable to provide certification regarding federal debt status or debarment and suspension, the applicant shall attach an explanation to the proposal. The explanation of why the certification on federal debt status or debarment and suspension cannot be submitted will be considered in connection with the Endowment's funding determination. Failure to furnish a certification or an explanation shall disqualify such person from receiving an award from the Endowment.
3. The certification regarding the nondiscrimination statutes shall obligate the applicant for the period during which the federal financial assistance is extended. There are two exceptions. If any personal property is acquired with Endowment assistance, this certification shall obligate the applicant for the period during which it retains ownership or possession of that property. If any real property or structure is improved with Endowment support, this certification shall obligate the applicant or any transferee for as long as the property or structure is used for the grant or similar purposes. This certification is binding on the applicant, its successors, transferees, and assignees, and on the authorizing official whose signature appears on the application cover sheet for this proposal.
4. The certifications are material representations of fact on which reliance will be placed when the Endowment determines to fund the application. If it is later determined that the applicant knowingly provided an erroneous certification, in addition to other remedies available to the federal government, the Endowment may seek judicial enforcement of the certification, may terminate the award for cause or default, or, when applicable, may take action authorized under the Drug-Free Workplace Act.
5. The applicant shall provide immediate written notice to the Endowment if at any time the applicant learns that its certifications were erroneous when submitted or have become erroneous by reason of changed circumstances.
6. The applicant agrees by submitting this proposal that, should the proposal be funded by the Endowment, it shall not knowingly enter into any project related transactions (as defined under "lower tier covered transactions") with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the Endowment.
7. The applicant further agrees by submitting this proposal to include without modification the following clause in all lower tier covered transactions and in all solicitations for lower tier covered transactions: (1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency. (2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.
8. A grantee may rely on the certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A grantee may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the list of "Parties Excluded from Nonprocurement Programs."

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9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

10. Except when specifically authorized by the Endowment, if a grantee knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to the remedies available to the federal government, the Endowment may terminate this transaction for cause or default.

11. The following definitions apply to the terms used in each of the certifications.

### **Definitions**

**Controlled Substance:** A controlled substance in schedules I through V of Section 202 of the Controlled Substance Act (21 U.S.C. 812) and as further defined by regulation at 21 CFR 1300.11 - 1300.15.

**Covered Transaction:** A covered transaction is either a primary covered transaction or a lower tier covered transaction.

**Debarment:** An action taken by a debarring official in accordance with 45 CFR Part 1169 to exclude a person from participating in covered transactions. A person so excluded is "debarred."

**Delinquent:** Represents the failure to pay an obligation or debt by the date specified in the agency's initial written notification or applicable contractual agreement, unless other satisfactory payment arrangements have been made by that date, or if at any time thereafter, the debtor fails to satisfy the obligation under a payment agreement with the agency. If the debtor fails to pay the debt by the specified date, then the debt is delinquent and the "date of delinquency" is the date given as the payment due date for contractual agreements or the date notification of the debt was mailed, as appropriate.

**Federal Debt:** The amount of money or property that has been determined by an appropriate agency official to be owed to the United States by any person, organization, or entity. Examples of debt include delinquent taxes, audit disallowances, guaranteed and direct student loans, housing loans, farm loans, business loans, Department of Education institutional loans, benefit overpayments, and other miscellaneous administrative debts.

**Grantee:** (in the drug-free workplace certification) A person who applies for or receives a grant directly from a federal agency.

**Ineligible:** Excluded from participation in federal nonprocurement programs pursuant to a determination of ineligibility under statutory, executive order, or regulatory authority, other than Executive Order 12549.

**Lower Tier Covered Transaction:**(a) Any transaction between a participant and a person other than a procurement contract for goods or services, regardless of type, under a primary covered transaction. (b) Any procurement contract for goods or services between a participant and a person, regardless of type, expected to equal or exceed the federal procurement small purchase threshold fixed at 10 U.S.C. 2304(g) and 41 U.S.C. 253(g) (currently \$25,000) under a primary covered transaction. (c) Any procurement contract for goods or services between a participant and a person under a covered transaction, regardless of amount, under which that person will have a critical influence on or substantive control over that covered transaction. Such persons are project directors, principal investigators, and providers of federally-required audit services.

**Participant:** Any person who submits a proposal for, enters into, or reasonably may be expected to enter into a covered transaction. This term also includes any person who acts on behalf of or is authorized to commit a participant in a covered transaction as an agent or representative of another participant.

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**Person:** Any individual, corporation, partnership, association, unit of government, or legal entity, however organized, except foreign governments or foreign governmental entities, public international organizations, or foreign government owned or controlled entities.

**Primary Covered Transaction:** This is normally any nonprocurement transaction between an agency and a person, regardless of type, including grants, cooperative agreements, scholarships, fellowships, contracts of assistance, loans, loan guarantees, subsidies, insurance, payments for specified use, donation agreements, and any other nonprocurement transaction between a federal agency and a person.

**Principal:** Officer, director, owner, partner, key employee, or other person within a participant with primary management or supervisory responsibilities; or a person who has critical influence on or substantive control over a covered transaction, whether or not employed by the participant.

**Proposal:** A solicited or unsolicited bid, application, request, invitation to consider, or similar communication by or on behalf of a person seeking to participate or to receive benefit, directly or indirectly, in or under a covered transaction.

**Suspension:** An action taken by a suspending official in accordance with these regulations that immediately excludes a person from participating in covered transactions for a temporary period, pending completion of an investigation and such legal, debarment, or Program Fraud Civil Remedies Act proceedings as may ensue.

**Voluntarily Excluded:** The status of nonparticipation or limited participation in covered transactions assumed by a person pursuant to the terms of a settlement.

## **Certifications**

### **1. Certification Regarding the Nondiscrimination Statutes**

The applicant (other than an individual who submits an application to the Endowment) certifies that it will comply with the following nondiscrimination statutes and their implementing regulations: (a) Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), which provides that no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant received federal financial assistance; (b) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), which prohibits discrimination on the basis of handicap in programs and activities receiving federal financial assistance; (c) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. 1681 et seq.), which prohibits discrimination on the basis of sex in education programs and activities receiving federal financial assistance; and (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. 6101 et seq.), which prohibits discrimination on the basis of age in programs and activities receiving federal financial assistance, except that actions which reasonably take age into account as a factor necessary for the normal operation or achievement of any statutory objective of the project or activity shall not violate this statute.

Institutions receiving Endowment support must conduct their operations in accordance with section 504 of the Rehabilitation Act of 1973 prohibiting discrimination against the handicapped: "No otherwise qualified handicapped individual in the United States . . . shall, solely by reason of his handicap be excluded from the participation in, denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance" (PL 93-112) (29 U.S.C. 794). At the time challenge grants are offered, recipient institutions that have not already done so will be required to sign an assurance of compliance with the regulations governing the administration of this provision (45 CFR 1170), including the requirement that facilities proposed for capital improvements will accommodate the handicapped.

**Note:** If a proposed project relates to American Indians, Aleuts, Eskimos, or native Hawaiian people and artifacts, an applicant should obtain from the Endowment a copy of its Code of Ethics concerning native Americans. The code establishes certain standards of conduct in research, publications, and public programs involving native American peoples.



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## 2. Certification Regarding Federal Debt Status (OMB Circular A-129)

The applicant certifies to the best of its knowledge and belief that it is not delinquent in the repayment of any federal debt.

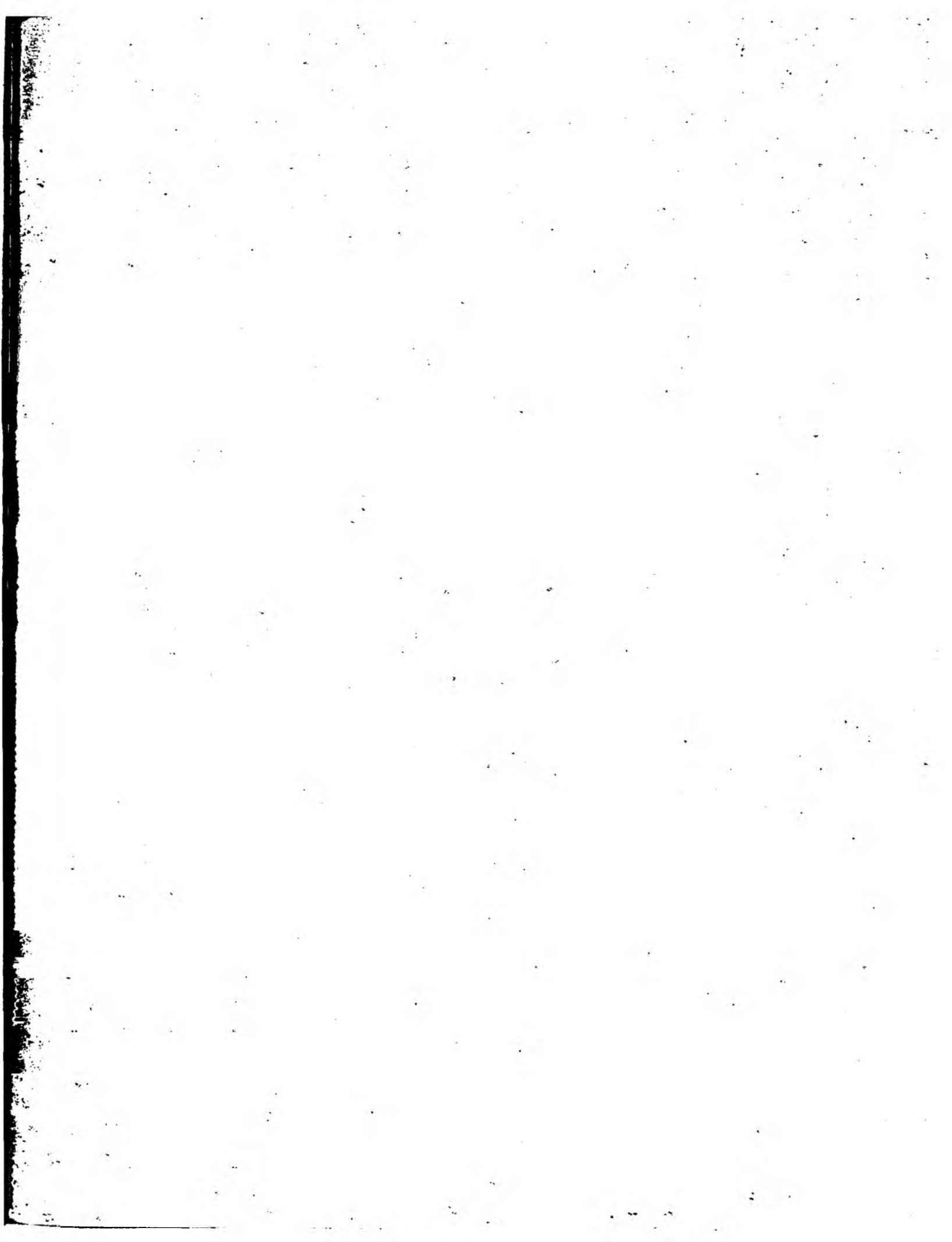
## 3. Certification Regarding Debarment and Suspension (45 CFR 1169)

The prospective primary participant (applicant) certifies to the best of its knowledge and belief that it and its principals: (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency; (b) have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property; (c) are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state, or local) with commission of any of the offenses enumerated in paragraph (b) of this certification; and (d) have not within a three-year period preceding this application/proposal had one or more public transactions (federal, state, or local) terminated for cause or default.

## 4. Certification Regarding Drug-Free Workplace Requirements (Drug-Free Workplace Act of 1988)

The grantee certifies that it will provide a drug-free workplace by (a) publishing a statement notifying employees that the unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibitions; (b) establishing a drug-free awareness program to inform employees about (1) the dangers of drug abuse in the workplace, (2) the grantee's policy of maintaining a drug-free workplace, (3) any available drug counseling, rehabilitation, and employee assistance programs, and (4) the penalties that may be imposed on employees for drug abuse violations; (c) making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a); (d) notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will (1) abide by the terms of the statement and (2) notify the employer of any criminal drug statute conviction for a violation occurring in the workplace not later than five days after such conviction; (e) notifying the agency within ten days after receiving notice under subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction; (f) taking one of the following actions with respect to any employee who is so convicted: (1) taking appropriate personnel action against such an employee, up to and including termination, or (2) requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state, or local health, law enforcement, or other appropriate agency; and (g) making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e), and (f).

**Please note:** This is to advise that the Appropriations Act for fiscal year 1990 which provides funding for the National Endowment for the Arts and the National Endowment for the Humanities includes the following prohibition: None of the funds authorized to be appropriated for the . . . National Endowment for the Humanities may be used to promote, disseminate, or produce materials which in the judgment of the . . . National Endowment for the Humanities may be considered obscene, including but not limited to, depictions of sadomasochism, homoeroticism, the sexual exploitation of children, or individuals engaged in sex acts and which, when taken as a whole, do not have serious literary, artistic, political, or scientific value.



National Endowment for the Humanities  
Office of Challenge Grants, Room 129  
Washington, D.C. 20506



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