

# PROCEDURES MANUAL



Division of State Programs  
National Endowment for the Humanities



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# Matching Guidelines for State Humanities Councils

## BACKGROUND

Since the National Endowment for the Humanities (NEH) received its first appropriation in 1966, Congress has provided two types of grant funds to the agency: outright program funds and federal matching funds. The purpose of the matching funds has been to stimulate private support for projects in the humanities by offering potential donors the incentive of doubling the impact of their contributions.

Under NEH's original legislation, gifts were eligible to release matching funds only if they were given to the Endowment. Therefore, until this requirement was changed in 1980, state humanities councils frequently acted as collection agents for the Endowment; and all gifts that were to be matched were actually forwarded to NEH. As a result of changes in NEH's legislation that were effected in 1980 and 1985, the Endowment is now authorized to match gifts that are retained by a state council or one of its grantees.

## MATCHING OFFER

### Conditional Offer

All NEH matching offers to state councils are conditional on the Chairman's acceptance of the gift or gift certification and sufficient matching funds being available in the Division of State Programs at the time the council certifies or forwards a gift. The councils are therefore encouraged to certify gifts as early as possible in each funding cycle and to make clear in their application guidelines that any offer of matching funds that they make to an applicant is contingent on the availability of funds from NEH.

### Expiration of Offer

All offers of NEH matching funds to state councils expire in September of the first year of the grant. Under current circumstances, it is very unlikely that an offer would be extended beyond the original offer period.

## GIFTS

For the purposes of these guidelines, a gift is defined as the voluntary transfer of money (or a noncash contribution that is subsequently converted to cash) from a nonfederal third party to the state council or a regrantee of the council without compensation or consideration of return.

### Restricted and Unrestricted Gifts

Both restricted gifts (gifts that are given specifically in support of a designated activity) or unrestricted gifts (gifts that may be used at the discretion of the state council or its regrantees) are eligible to release federal matching funds. A gift may be matched by NEH even if a donor did not give the gift specifically for the purpose of releasing federal matching funds.

### Noncash Gifts

Noncash contributions to the council or a regrantree are not eligible to release matching funds. Gifts of property, equipment, marketable securities, or contributed services from a third party would therefore not be eligible to release federal matching funds. The net proceeds from the sale of noncash gifts, however, may be matched if the proceeds are used to support budgeted council or regrantree activities during the grant period.

### Gifts Retained by Regrantees

The Endowment's legislation [Section 11 (a) (2) (B) (ii)] now makes it possible for NEH to match gifts that are received and retained by a regrantree of a state council. As long as adequate documentation of gifts is maintained by a council, NEH has no preference about whether the regrantree retains the gift or forwards it to the council.

### Gifts to Parties Other than the Council or Regrantree

Occasionally gifts may be given to an individual or organization that is associated with a council's or a regrantree's project rather than directly to a council or a regrantree. These gifts would normally not be eligible to release federal matching funds. The only exception would be if the donor had restricted the use of the gift specifically to the support of a project that was to be carried out by a council or a regrantree, and the gift funds were transferred to the council or the regrantree so that either one of these parties controlled the expenditure of the gift funds. In this case, the third party would act as an agent of the donor in transferring funds to a state council or a regrantree.

### Pledged Gifts

A pledge is a legally enforceable written promise to pay a specific amount of money during the grant period. Grant awards from nonfederal third parties are considered to be pledged gifts until the grant funds are disbursed to the grantee.

NEH will consider matching a gift that is pledged to a state humanities council only if the council can substantiate that project activities will be affected adversely if NEH funds are not released immediately, and the council is also able to certify that (1) the pledge is legally enforceable, and (2) the donor is obligated to pay the pledge during the grant period. A copy of the donor's pledge letter must also be enclosed with the certification.

The state councils are required to inform the Donations Section of the Grants Office when full payment of a pledge is received. In the event a donor fails to pay a pledge, it is the responsibility of the council to enforce the pledge, to substitute other gift funds, or to return to NEH the amount of federal matching funds awarded.

NEH will normally not consider matching pledges that have been made to a regrantee of a state council. Therefore, councils should inform their regrantees that gifts will not be matched by NEH until the regrantee can document the receipt of the gift.

### INELIGIBLE CONTRIBUTIONS

The following do not qualify as contributions that are eligible to release federal matching funds:

- a. an applicant's own funds;
- b. federally appropriated funds, whether or not they are disbursed directly to a council or a regrantee by an agency of the federal government or indirectly through an organization such as a state agency or another state humanities council;<sup>1</sup>

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<sup>1</sup> In soliciting financial support from state governments, councils are advised to explain this limitation to ensure that state support that will be used to release NEH matching funds meets the eligibility criteria.

- c. money that is paid to a council or a regrantee for work performed under a contractual agreement;<sup>2</sup>
- d. income earned from a gift after it has been transferred from the donor to a council or a regrantee;
- e. noncash contributions to a project, such as a gift of property or equipment, that are not converted to cash;
- f. gifts that are given to an individual or organization associated with the project that are not given specifically in support of a council's or a regrantee's project and that are not transferred to either of these parties so that they control the expenditure of the gift funds;
- g. registration fees or any other fee or charge for participation in or attendance at project activities;
- h. deferred giving, for example, a charitable remainder annuity trust, a charitable remainder unitrust, or a pooled income fund; and
- i. contributions that are made under circumstances where there is the appearance the donor might benefit financially by contributing to a particular project, for example (1) contributions from any institution or individual involved in project activities if the individual, the institution, or persons in their employ will be paid from grant or cost-sharing funds for services rendered to the project, and (2) contributions from persons closely related to and living in the same household with someone who directs a grant project and receives some form of remuneration from grant or cost-sharing funds for work performed on the project.

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<sup>2</sup> Some councils receive funding through agreements that are referred to as contracts but that closely resemble grants. These funds may not be certified until the council has established to the Endowment's satisfaction that (a) the funds are not paid for services that are rendered by the council, (b) the "contractor" has no rights to materials or services resulting from funded council activity, and (c) payments cannot be withheld if the council does not achieve specified levels of performance under the agreement. A copy of the complete agreement should be enclosed with the council's arguments for considering the money eligible to be matched by NEH.

For gifts received from universities, NEH uses the "campus" as the limit of conflict of interest. Thus, a gift from the Riverside campus of the University of California system would be eligible to release federal matching funds if no part of its campus benefited financially from the project even though another campus in the system would benefit.

If a state council has a question about whether or not a contribution qualifies as an eligible gift to release federal matching funds, the matter should be brought to the attention of the NEH Grants Office.

#### GIFTS GIVEN TO COUNCILS AND REGRANTEES

##### Certification of Gifts

To have NEH match gifts that are given to a state council or one of its regrantees, the council must forward to NEH a certification letter that follows the format of the sample letter included in these guidelines. Please note that (1) all the statements contained in the sample certification letter are essential for certifying the receipt of a gift, and (2) all gifts that are restricted to the use of a particular regrant must be certified during that regrant period.

Before certifying a gift that has been retained by a regrant, the council must determine from the documentation provided by the regrant that (1) the gift meets the eligibility criteria established in these guidelines, and (2) the gift has actually been transferred from the donor to the regrant.

Certifications should be addressed to the

Donations Section  
Grants Office/Room 310  
National Endowment for the Humanities  
1100 Pennsylvania Avenue, N.W.  
Washington, D.C. 20506

##### Documentation of Gifts

Documentation that substantiates the amounts, sources, and eligibility of gifts that have been given to a council or its regrantees must be retained by the council for three years following the submission of a final financial status report for the grant. When a council certifies a gift that is retained by a regrant, it must also be able to document that the gift was paid to the regrant before it was certified to NEH.

Ordinarily, the donor's transmittal letter will provide the needed documentation.<sup>3</sup> Donor letters should therefore be requested whenever a gift is given to a council or a regrantee. The letter should contain the following information: the names of the donor and recipient, the amount of the gift that is being conveyed, and whether or not all or a portion of the gift is given for a specific purpose or may be used at the discretion of the council or the regrantee. NEH reserves the right to request a copy of this documentation from a council before it processes a gift certification.

#### Certified Gifts and Cost Sharing

Gifts that are retained by the council or its regrantees constitute a part of the cost-sharing contribution to the NEH grant against which they have been certified. These gifts must therefore be expended during the grant period on budgeted project costs and reported as part of the nonfederal share of outlays for that grant. Because NEH may not support more than 50 percent of the costs related to the overall activities of a humanities council, the councils must ensure that they or their regrantees maintain documentation that substantiates that the cash and in-kind cost-sharing contributions to the NEH grant at least equal the outright and matching funds provided by NEH.

#### OBLIGATION AND EXPENDITURE OF GIFT AND MATCHING FUNDS

State councils are expected to obligate within the first year of a grant period the matching funds that have been awarded for that grant as well as the gift funds the council has received from donors and certified to NEH. Gift or matching funds that a council is not able to obligate by the end of the first year may be carried forward and obligated in the second year of the grant period. Gifts that are retained by a regrantee have to be expended within the regrant period. Matching funds that are obligated and subsequently deobligated may be used again for the same activity for which they were originally allocated, provided the council still has the authority to obligate funds on that particular NEH grant.

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<sup>3</sup> To establish the eligibility of funds that are raised by a council or regrantee through special events or fund-raising campaigns, any promotional materials, such as benefit circulars, invitations, posters, etc., should indicate the purpose of the fund-raising activities and NEH's offer to match gifts raised for this purpose. Representative copies of promotional materials must be retained by the council as documentation of gift eligibility.

Both the gift and the matching funds must be expended by the end of the council's grant period. It is not necessary, however, that gift funds and the matching funds they release always be expended for the same purpose. Therefore, if a donor gave a gift in support of regrant activities but did not require that matching funds be used to support these activities, the council could use the federal matching funds to cover other expenses, such as its own administrative costs.

In reviewing regrantees' final financial reports, councils must insure that the cash cost-sharing contribution to a project equals the amount of NEH matching funds the regrant has expended.

#### GIFTS GIVEN TO NEH

Although donors are encouraged to give their gifts to the state councils, some may want to give the gifts directly to NEH. In this case, the donor's transmittal letter to NEH should clearly indicate which NEH grant the gift is to support and that the funds are to be matched by NEH. Should any portion of the gift be given for a specific purpose, (for example, in support of a particular regrant activity or the council's administrative costs) this should also be indicated in the transmittal letter. Checks should be made payable to the National Endowment for the Humanities and should be forwarded with the transmittal letter to the Donations Section of the NEH Grants Office.

Gifts that are given directly to NEH become federal funds once they are accepted by the Chairman. They are in turn awarded by NEH to the state council along with the federal matching funds that the gifts have released.

#### TAX CONSIDERATIONS

Gifts to NEH are generally deductible as charitable contributions for federal income tax. Gifts to the state councils will generally be deductible if the council has received 501(c)(3) tax-exempt status from the Internal Revenue Service.

PLEASE REFER TO THE SAMPLE CERTIFICATION LETTER ON THE NEXT PAGE



SAMPLE CERTIFICATION LETTER  
FOR  
STATE HUMANITIES COUNCILS

(Address the letter to the Donations Section, Grants Office, Room 310,  
National Endowment for the Humanities, Washington, D. C. 20506.)

I certify that \$\_\_\_\_\_ has been received in the form of gifts that  
have been donated in support of the activities that will be carried out  
under NEH grant \_\_\_\_\_. These gifts meet the criteria for  
eligibility established by NEH and will be expended for project purposes  
during the grant period. Documentation that substantiates the amounts,  
sources, and eligibility of the gifts will be retained for three years  
following the submission to NEH of the final financial report for the  
referenced grant.

The funds certified above were provided by a donor/donors in the  
following category/categories:

Donor Category*	Number of Donors	Amount
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____

The matching funds released by this certification will be used as follows:

Budget Category	Amount
_____	\$ _____
_____	\$ _____
_____	\$ _____

(If unpaid pledges or awards are certified, the following sentence must  
appear in the certification letter.)

The amount certified in this letter includes \$\_\_\_\_\_ in unpaid  
pledges and awards. The documentation required by the Endowment is  
attached.

Sincerely,

\_\_\_\_\_  
Executive Director

\*Please use the following numerical designations for donor categories

1. Individuals
2. Corporations and businesses (including company sponsored and corporate foundation)
3. Private and public foundations (including independent, operating, and community foundations)
4. Labor unions and professional associations
5. Nonfederal government units (state, county, municipal)
6. Affiliated groups (alumni/ae, memberships, "Friends")
7. Special events and benefits (use only when gifts raised through this means cannot be readily assigned another donor category)
8. Other (specify)

GENERAL GRANT PROVISIONS  
FOR GRANTS TO  
STATE HUMANITIES COUNCILS

JULY 1, 1991

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## Glossary of Terms

Acquisition Cost	For an item of purchased equipment, this is net invoice unit price of the equipment including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the equipment usable for the purpose for which it was acquired. Other charges such as the cost of installation, transportation, taxes, duty or protective in-transit insurance, shall be included or excluded from the unit acquisition cost in accordance with the council's regular accounting practices.
Cash Contribution	Cash outlays for budgeted program activities which are paid from the council's or grantee's own funds; from monies contributed to the council or grantee by other public agencies and institutions, private organizations, and individuals; and from funds received under agreements with other federal agencies.
Cost Sharing	The portion of the costs of a project or program not charged to NEH funds. This would include cash contributions (as defined above) as well as the value of in-kind contributions.
Equipment	Tangible, nonexpendable, personal property having a useful life of more than two years and an acquisition cost of \$500 or more per unit.
Federally Recognized Indian Tribal Government	The governing body or a governmental agency of any Indian tribe, band, nation, or other organized group or community (including any Native village as defined in section 3 of the Alaska Native Claims Settlement Act, 84 Stat 688) certified by the Secretary of the Interior as eligible for special programs and services provided by him through the Bureau of Indian Affairs.
Funding Period	The period of time when Federal financial assistance is available for obligation by the recipient. Under the funding plan that was instituted in 1986, the first year of the three-year grant period constituted the funding period. Under a triennial proposal, there will be three one-year funding periods within a five-year grant period.
Grant	An award of financial assistance, including cooperative agreements, in the form of money or property in lieu of money, by the federal government to an eligible grantee. The term does not include fellowships or lump sum awards for which the grantee is not required to account.
Grant Period	The period established in the award document during which Endowment support begins and ends. Obligations shall not be incurred prior to the beginning date or after the ending date of the grant period. All obligations must be liquidated within 90 days after the ending date of the grant period.
Grantee	The government or non-governmental entity to which a grant is awarded and which is accountable for the use of the funds provided. The grantee is the entire legal entity even if only a particular component of the entity is designated in the grant award document.
In-Kind Contributions	The value of noncash contributions provided by the grantee and third parties. In-kind contributions may be in the form of charges for real property and equipment or the value of goods and services directly benefiting and specifically identifiable to the project or program.

Intangible Property Debt Instruments	Intangible property, including patents, trademarks, and copyrights, and and such property as loans, notes, and other debt instruments, whether considered tangible or intangible.
Local Government	A county, municipality, city, town, township, local public authority (including any public and Indian housing agency under the United States Housing Act of 1937), school district, special district, intrastate district, council of governments (whether or not incorporated as a nonprofit corporation under state law), any other regional or interstate government entity, or any agency or instrumentality of a local government. The term does not include local institutions of higher education and hospitals.
Obligations	The amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by grantee during the same or a future period.
Outlays (Expenditures)	Charges made to the project or program. They may be reported on a cash or accrual basis. For reports prepared on a cash basis, outlays are the sum of actual cash disbursement for direct charges for goods and services, the amount of indirect expense incurred, the value of in-kind contributions applied, and the amount of cash advances and payments made to contractors and subgrantees. For reports prepared on an accrual basis, outlays are the sum of actual cash disbursements, the amount of indirect expense incurred, the value of in-kind contributions applied, and the new increase (or decrease) in the amounts owed by the grantee for goods and other property received, for services performed by employees, contractors, subgrantees, subcontractors, and other payees, and other amounts becoming owed under programs for which no current services or performance are required, such as annuities, insurance claims, and other benefit payments.
Percentage of Federal Participation	When referring to real property, equipment, or supplies, the term means the percentage of acquisition costs paid with federal funds. Ordinarily, <del>this will be the same percentage of the awarding agency's portion of the acquiring party's total costs, but not including the value of third party in-kind contributions.</del>
Program Income	Net income earned by a council or a regrantee that is directly generated by a grant-supported activity or earned only as a result of the award. Program income includes such things as license fees and royalties on patents and copyrights and income earned from the use or rental of property acquired with grant funds.
Regrant	An award of financial assistance, including cooperative agreements, made by a council to an organization or individual in support of a humanities project that was selected in open competition and on the basis of established criteria.
Real Property	Land, including land improvements, structures and appurtenances thereto, but excluding movable machinery and equipment.
State	Any of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and territory or possession of the United States, or any agency or instrumentality of a State exclusive of local governments, institutions of higher education, and hospitals.

Supplies

All personal property, excluding "equipment" and "intangible property and debt instruments" as defined in this section.

Suspension

Depending on the context means either (1) the temporary withdrawal of the authority to obligate grant funds pending corrective action by the grantee or subgrantee or a decision to terminate the grant, or (2) an action taken by a suspending official in accordance with agency regulations implementing E.O. 12549 to immediately exclude a person from participating in grant transactions for a period, pending completion of an investigation and such legal or debarment proceedings as may ensue.

Termination

Permanent withdrawal of the authority to obligate previously-awarded grant funds before that authority would otherwise expire. It also means the voluntary relinquishment of that authority by the grantee or subgrantee. "Termination" does not include: (1) withdrawal of funds awarded on the basis of the grantee's underestimate of the unobligated balance in a prior period; (2) withdrawal of the unobligated balance as of the expiration of a grant; (3) refusal to extend a grant or award additional funds, to make a competing or noncompeting continuation, renewal, extension, or supplemental award; or (4) voiding of a grant upon determination that the award was obtained fraudulently, or was otherwise illegal or invalid from inception.

Terms and Conditions  
of a Grant

All requirements of the grant or subgrant, whether in statute, regulations, or the award document.

Unliquidated  
Obligations

For reports prepared on a cash basis, unliquidated obligations mean the amount of obligations incurred by the grantee that has not been paid. For reports prepared on an accrued expenditure basis, they represent the amount of obligations incurred by the grantee for which an outlay has not been recorded.

Unobligated Balance

The portion of the funds authorized by the federal agency that has not been obligated by the grantee. The unobligated balance is determined by deducting the cumulative obligations from the cumulative funds authorized.

## GENERAL GRANT PROVISIONS FOR GRANTS TO STATE HUMANITIES COUNCILS

### 1. Applicability of General Grant Provisions

The general grant provisions apply to all general support awards that the National Endowment for the Humanities has issued to state humanities councils as of October 1, 1990. In accepting an award, a state council assumes the legal responsibility for administering the award in accordance with these general grant provisions and of complying fully with any special conditions and provisions that are included in the grant agreement. Failure to comply with the General Grant Provisions for Awards to State Humanities Councils or the specific terms and conditions of a grant agreement may result in the suspension or termination of the award and NEH recovery of grant funds.

### 2. Eligibility for NEH Grant Support

Only those state councils that have currently approved compliance plans are eligible to receive a general support grant from the Division of State Programs. According to the Endowment's authorizing legislation, the term "state" includes, in addition to the several States of the Union, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Northern Mariana Islands, and the Virgin Islands.

Although state councils must be constituted for nonprofit purposes to be eligible to receive NEH funds, a council would not have to be incorporated.

### 3. Uniform Administrative Requirements

Grants to state humanities councils are subject to the uniform administrative requirements of OMB Circular A-110. The standards set forth in these General Grant Provisions for Awards to State Humanities Councils and in the financial and performance reporting requirements of NEH's award Enclosures 1 and 2 are consistent with the administrative requirements of A-110.

### 4. Allowable Costs

The allowability of costs and cost allocation methods for work performed under an NEH grant to a state humanities council shall be determined in accordance with OMB Circular A-122, "Cost Principles for Nonprofit Organizations." When funds are regranted by a council, one of the following sets of cost principles will apply:

- A. OMB Circular A-21 for awards to public and private institutions of higher education.
- B. OMB Circular A-122 for awards to nonprofit organizations that are not institutions of higher education.
- C. OMB Circular A-87 for awards to state, local, and federally recognized Indian tribal governments.

### 5. Fund Raising

Section 7(f) of the National Foundation on the Arts and Humanities Act of 1965, as amended, provides the Endowment with the authority to allow fund-raising costs to be charged as expenditures against grant and cost-sharing funds in awards made to the state humanities councils. The state councils are therefore authorized to make such charges to project funds. Councils are required to forward to the Endowment with their annual financial status report a copy of pages 1 and 2 of their most recent submission of Form 990, which is used in part to report fund-raising activities to the IRS.

### 6. Lobbying Activities

Section 319 of Public Law 101-121 prohibits recipients of federal contracts, grants, and loans from using appropriated funds to influence the Executive or Legislative Branches of the Federal Government in

connection with a specific contract, grant, or loan. 18 U.S.C. 1913 prohibits the use of funds appropriated by Congress to influence members of Congress regarding congressional legislation or appropriations. Finally, Attachment B21 of Office of Management and Budget Circular A-122 designates the following as unallowable charges to grant funds or cost sharing: certain electioneering activities, financial support for political parties, attempts to influence federal or state legislation either directly or through grass-roots lobbying, and some legislative liaison activities.

Therefore, any costs associated with lobbying activities will have to be recorded separately in a council's books to insure that they are not charged to grant funds or to the council's mandated cost sharing on its NEH awards. Furthermore, any portion of the state councils' membership dues that are paid to the Federation of State Humanities Councils from NEH grant funds or the council's mandated cost sharing may not be used to support the Federation's lobbying activities.

NEH is required by the provisions of its appropriations act to include the text of 18 U.S.C. 1913 in all of its grant and contract documents.

Text of 18 U.S.C. 1913:

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 designated 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 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.

#### 7. Budget Revision

The budgets for state councils include the anticipated expenditures of NEH grant funds and cost-sharing contributions and are divided into a number of distinct activities, e.g., general management, program services, council projects, regrants.

With the exception of funds allocated for regrants, Councils have the authority to shift funds among budget line items within a program and from one activity or program to another. Funds may also be shifted into the regrant program without Endowment approval. Once the budget for the funding period has been approved by the Endowment, funds may not be transferred from the regrant category except to cover increased costs related to the auditing of regrants.

#### 8. Regrant Activities

Councils are authorized to award regrants (see definition) to private nonprofit organizations; institutions of higher education; state, local, and federally recognized Indian tribal governments; groups of persons that form an association to carry out a project; and individuals. Organizations or groups that apply to the councils for funding must be constituted for nonprofit purposes. It is not necessary that such organizations or groups be incorporated or have tax-exempt status.

State councils shall award regrants to provide support for humanities projects selected in open competition on the basis of established criteria that are widely known.

In addition, the administrative requirements set forth in Appendix A of these general grant provisions shall apply to all regrants awarded by the state humanities councils.



9. **Grant Period**

State councils have the responsibility of insuring that all council and regrantee activities that are charged to a particular NEH award take place within the official grant period for that award.

Under the funding plan that began with council grants that have a November 1986 beginning date, NEH funds are awarded each year under a new grant. These grants will run for three years, but councils are expected to obligate the bulk of their funds in the first year. In the second and third year of the grant period, councils may obligate funds that were carried forward from the previous year and any funds that become available through deobligations, provided that all obligations are liquidated within 90 days after the completion date of the grant period.

For those councils that submit a triennial or biennial proposal in 1991 and succeeding years, the grant period will run for five years or four years respectively. Those submitting a triennial proposal will receive supplemental funding in the second and third years of the grant period while those that submit a biennial proposal will receive just one year of supplemental funding. In both cases, the councils will have two years following the last funding period to close out the grant.

Councils are expected to obligate the bulk of the funds awarded each year by the end of the funding period, but they will be able to carry forward unobligated funds into the succeeding year and may obligate funds that become available through deobligation any time during the grant period, provided that all obligations are liquidated within 90 days after the completion date of the grant period.

10. **Cost Sharing**

The Endowment cannot support more than 50 percent of the costs of a state humanities council's activities. The balance of support may come from cash contributions to the council that are made from any source (including funds from other federal agencies), program income the council has earned, the allowable costs that a regrantee or contractor incurs in carrying out a council-funded project, and the value of in-kind contributions that are made by a council, a regrantee, or third parties.

Cash and in-kind contributions cannot count towards satisfying a cost-sharing requirement of an Endowment grant if they have been or will be counted towards satisfying a cost-sharing or matching requirement on another federal grant, a federal procurement contract, or any other award of federal funds.

Costs incurred by a council, a regrantee, or a contractor, as well as in-kind contributions that are used to meet cost-sharing requirements, must be verifiable from the records of the council, the regrantee, or the contractor. These records must show how the value placed on third party in-kind contributions was derived.

Any contribution that a regrantee or contractor makes to its own project must be based either on the cost incurred to provide that contribution or, in the case of donated buildings or equipment, on depreciation or a use allowance that is computed in accordance with the applicable cost principles. **When a regrantee or contractor is not able to calculate the exact cost involved in contributing its own equipment, space, services, etc. to the project, then the regrantee must indicate in the project budget the basis for determining the value of the contribution.**

11. **Valuation of Third Party In-Kind Contributions**

Volunteer services that are provided to a council or regrantee by individuals will be valued at rates consistent with those ordinarily paid for similar work within the council or the regrantee organization. If the council or regrantee does not have employees performing similar work, the rates will be consistent with those ordinarily paid by other employers for similar work in the same labor market. In either case, a reasonable amount of fringe benefits may be included in the valuation.

When an employer other than the council, a regrantee, or a contractor furnishes free of charge the services of an employee in the employee's normal line of work, the services will be valued at the employee's regular rate of pay, plus a reasonable amount of fringe benefits but exclusive of overhead costs. If the services are in a different line of work, the rates will be consistent with those ordinarily paid by other employers for similar work in the same labor market.

Supplies that are donated will be valued at their market value at the time of donation. Donated equipment or space to which the third party retains title will be valued at the fair rental rate of the equipment or space.

If a third party provides a project related service without charge to a council, a regrantee, or contractor, the value of the contribution would be the fee the third party normally charges for the service.

When a third party donates equipment, buildings, or land and title passes to the council or a regrantee, the treatment of the donated property will depend on the purpose of the grant or regrant and its valuation will be determined by the Endowment in accordance with the principles set forth in OMB Circular A-110, Attachment E.

## 12. **Payments and Interest**

Grant funds will be paid to the councils on an advance basis, provided that a council's financial management systems meet the standards set forth in Article 14 and the drawdown of funds is limited to the council's immediate cash needs as described in Article 14. G.

Councils are required to maintain advances of federal funds in interest-bearing accounts unless

- A. the council receives total federal advances under grants of less than \$120,000 per year; or
- B. the best reasonably available interest-bearing account would not earn interest in excess of \$250 per year on federal cash balances or would require an average or minimum balance so high that it would not be feasible within the expected federal or nonfederal cash resources.

Councils and regrantees may keep \$250 of the interest earned per fiscal year on all advances of federal grant funds. Bank charges related to maintaining interest-bearing accounts may be paid from the interest earned on those accounts. Interest in excess of the bank charges and the \$250 retained by the council shall be reported on the Federal Cash Transactions Report (Standard Form 272) and remitted at least quarterly by check made payable to the National Endowment for the Humanities.

## 13. **Reporting Requirements**

Councils have the option of submitting proposals on a triennial or a biennial basis. The proposal narrative will include a state and council profile, a summary statement of the council's program, a final report on past programs, an application for funding, as well as an assurance of compliance with relevant Congressional legislation. Triennial and biennial proposals are to be submitted in early April of the year in which a new grant is scheduled to begin. Councils that are funded on a biennial basis must submit an interim progress report in early June of the following year. Those funded on a triennial basis shall submit an interim report at the end of the sixteenth month of their grant period.

Councils are also required to use the Federal Cash Transactions Report (Standard Forms 272 and 272A) to report the disbursement of federal funds on all active NEH grants. This report will be submitted on a calendar quarter basis and is due within 30 days after the end of each quarter.

*During the course of the NEH grant period, an annual Financial Status Report (Standard Form 269A) will be submitted within 90 days of the anniversary date of the grant. A final Financial Status Report will be required within 90 days after the completion date of the grant.*

14. **Financial Management Standards**

The financial management systems of the councils and their regrantees must meet the following standards:

A. Financial Reporting. Accurate, current, and complete disclosure of all financial transactions related to federally sponsored projects must be made in accordance with the financial requirements of the grant or regrant.

B. Accounting Records. The councils and their regrantees must maintain records that adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to obligations, unobligated balances, assets, liabilities, expenditures, and income.

Each council or its fiscal agent shall have a double-entry accounting system that is maintained according to generally accepted accounting principles that are applied on a consistent basis. The system should provide for a general ledger, a cash receipts journal, a cash disbursements journal, and a general journal. The general ledger would contain control accounts for regrant funds that are awarded (obligated) and cost-sharing funds that are provided by the council itself. A separate control account, which may be recorded in a memorandum ledger rather than the general ledger, should be established for cost-sharing funds that are provided by regrantees and the council's board.

There should also be a subsidiary ledger in which each regrant is listed separately and which contains the following information: the date of the award, the amount of outright, gift, and matching funds awarded, the beginning and ending dates of the regrant period, the payments made, the net balance to be paid, and the cost sharing reported by the regrant. The subsidiary ledger account balances for each regrant should be added monthly and reconciled to the general ledger if the council uses an accrual basis system. If the council's records are maintained on a cash basis, the payments recorded in the subsidiary ledger account should be added monthly and reconciled to the general ledger.

To facilitate the management of gifts and matching funds, councils are to maintain a log or journal that contains the name and the classification of the donor, the name of the recipient (if the gift was not given directly to the council), the amount of the gift, the designation of the gift as restricted or unrestricted, the amount of the gift that is certified to NEH and the date certified, the amount of matching funds awarded by NEH and the date of that award, and the allocation of the gifts and matching funds to one or more council activities.

C. Internal Control. Effective control and accountability must be maintained for all cash, real and personal property, and other assets. The councils and their regrantees must adequately safeguard all such property and must provide assurance that it is used solely for authorized purposes.

D. Budget Control. Records of expenditures are to be maintained by the cost categories of the approved budget and actual expenditures are to be compared with budgeted amounts.

E. Allowable Cost. The applicable OMB Cost Principles, the General Grant Provisions for Awards to State Humanities Councils, and the terms and conditions of grant and regrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs.

F. Source Documentation. Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contractual agreements, and regrant award documentation.

G. Cash Management. Under the Vendor Express payment system, councils shall normally draw down funds twice a month and shall have procedures in place that ensure that grant funds on hand do not exceed the council's cash needs for a three-week period. Councils shall also monitor the cash drawdowns of their regrantees to ensure that they conform substantially to the standards of timing and amounts set forth in Appendix A of these grant provisions.

15. **Audit Requirements**

Councils and their grantees that are institutions of higher education or other types of nonprofit organizations will be subject to the audit requirements of OMB Circular A-133. Grantees that are governmental units are responsible for obtaining audits in accordance with the Single Audit Act of 1984 and OMB Circular A-128. Although councils are not required to have a compliance audit done more frequently than every two years, the Endowment recommends that this be done each year. Councils are also responsible for ensuring that a grantee who is awarded \$25,000 or more in federal funds by a council during that council's fiscal year meets the audit requirements of the applicable Office of Management and Budget circular—A-128 or A-133.

16. **Record Retention**

Financial records, supporting documentation, statistical records, and all other records pertinent to the grant shall be retained by the council and grantees for three years following the submission of the final report of project expenditures.

Records that relate to audits, appeals, litigation, or the settlement of claims arising out of the performance of the project shall be retained by the council and grantee until such audits, appeals, litigation, or claims are resolved. Unless court action or audit proceedings have been initiated, microfilm copies may be substituted for the original records.

The Chairman of NEH and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any pertinent books, documents, papers, and records of the council and its grantees to make audits, examinations, excerpts, and transcripts.

17. **Procurement Standards**

When procuring property or services under an Endowment grant, a council will follow the same policies and procedures it uses for procurements with its nonfederal funds, but these policies and procedures must adhere to the standards set forth below.

A. The council and its grantees will maintain a system for contract administration that ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

B. A written standard of conduct governing the performance of their employees engaged in the award and administration of contracts will be maintained by the council and its grantees. No employee, officer, or agent of the council or grantee shall participate in the selection, or in the award or administration of a contract supported by federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when

- the employee, officer, or agent,
- any member of his or her immediate family,
- his or her partner, or
- an organization which employs or is about to employ any of the above has a financial or other interest in the firm selected for an award.

The officers, employees, and agents of a council or a grantee will neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to subagreements. However, a council or a grantee may set standards governing when the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the council or a grantee.

C. All procurement transactions will be conducted in a manner to provide, to the maximum extent practical, open and free competition. The council and grantee should be alert to organizational conflicts of interest or noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. In order to insure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, invitations for bids and/or

requests for proposals should be excluded from competing for such procurements. Awards shall be made to the bidder/offeror whose bid/offer is responsive to the solicitation and is most advantageous to the council or regrantee, price and other factors considered. Solicitations shall clearly set forth all requirements that the bidder/offeror must fulfill in order for the bid/offer to be evaluated by the council or regrantee. When it is in the council's or regrantee's interest to do so, any bid/offer may be rejected.

D. All councils and regrantees shall establish written procurement procedures that provide for, at a minimum, the following procedural requirements:

(1) Proposed procurements are to be reviewed to avoid the purchase of unnecessary or duplicative items. Where appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical, practical procurement.

(2) Solicitations for goods and services shall be based on a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such a description shall not, in competitive procurements, contain features which unduly restrict competition. "Brand name or equal" descriptions may be used as a means to define the performance or other salient requirements of a procurement, and, when used, the specific features of the named brand which must be met by bidders/offerors shall be clearly specified.

(3) The council and regrantee shall make positive efforts to assure that small businesses, minority owned firms, and women's business enterprises, are used when possible. This shall include (i) placing qualified small and minority businesses and women's business enterprises on solicitation lists; (ii) assuring that these businesses and enterprises are solicited whenever they are potential sources; (iii) contracting with consortiums of small, minority owned, or women's business enterprises; (iv) using the services and assistance, as appropriate, of such organizations as the Small Business Administration; and (v) considering in the contract process whether firms competing for larger contracts intend to subcontract with small businesses, minority owned firms, and women's business enterprises.

(4) The type of procurement instrument used, e.g., fixed price contracts, cost reimbursable contracts, incentive contracts, purchase orders, will be determined by the council or regrantee, but must be appropriate for the particular procurement and for promoting the best interest of the program involved. The "cost-plus-a-percentage-of-cost" or "percentage of construction cost" methods shall not be used.

(5) Contracts will be made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of a proposed procurement. Consideration should be given to such matters as contractor integrity, the record of past performance, financial and technical resources or accessibility to other necessary resources.

(6) Some form of price or cost analysis should be made in connection with every procurement action. Price analysis may be accomplished in various ways, including the comparison of price quotations submitted, market prices and similar indicia, together with discounts. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability, and allowability.

(7) Procurement records and files for purchases in excess of \$10,000 shall include the following:

(a) the basis for contractor selection;

(b) justification for lack of competition when competitive bids or offers are not obtained; and

(c) the basis for award cost or price.

E. Council and grantee contracts must contain the following provisions:

- (1) In contracts in excess of \$10,000, there shall be provisions or conditions that will allow for administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such remedial actions as may be appropriate.
- (2) In all contracts in excess of \$10,000, provision shall be made for termination for cause and for convenience by the council or grantee, including the manner by which it will be effected and the basis for settlement. In addition, these contracts shall also contain a description of the conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the contractor.
- (3) All negotiated contracts, except those for less than \$10,000 that are awarded by a council or a grantee, shall include a provision to the effect that the council, the grantee, the National Endowment for the Humanities, the Comptroller General of the United States, or any other duly authorized representatives shall have access to any books, documents, papers, and records of the contractor which are directly pertinent to that specific contract for the purpose of making audit, examination, excerpts, and transcriptions.
- (4) All contracts, including small purchases, that are awarded by the council, its grantees, and their contractors shall comply with the provisions of Appendix B when applicable.

18. **Equipment**

Equipment may be purchased without the prior approval of the Endowment. Subject to the obligations and conditions set forth below, title to equipment acquired under a grant or grant vests upon acquisition in the council or the grantee respectively.

A. Use of Equipment.

- (1) Equipment must be used by the council or the grantee in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by federal funds. When no longer needed for the original program or project, the equipment may be used in other activities currently or previously supported by a federal agency.
- (2) The council or grantee shall also make equipment available for use on other projects or programs currently or previously supported by the federal government, providing such use does not interfere with the work on the projects or programs for which it was originally acquired. First preference for other use shall be given to other programs or projects supported by the Endowment. If appropriate, user fees may be considered and treated as program income to the grant.
- (3) The council or grantee shall not use equipment acquired with grant funds to provide services for a fee to compete unfairly with private companies that provide equivalent services, unless this is specifically permitted or contemplated by federal statute.
- (4) When acquiring replacement equipment, the council or grantee may use the equipment to be replaced as a trade-in or may sell the equipment and use the proceeds to offset the cost of the replacement equipment.

B. Management Requirements. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, must as a minimum meet the following requirements until disposition takes place:

(1) Equipment records must be maintained that include a description of the equipment, a serial number or other identification number, the source of equipment, who holds title, the acquisition date, the cost of the equipment, the location, use, and condition of the equipment, and any ultimate disposition data including the date of disposal and the sale price of the equipment.

(2) A physical inventory of the equipment must be taken and the results reconciled with the equipment records at least once every two years.

(3) A control system must exist to ensure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft shall be investigated.

(4) Adequate maintenance procedures must exist to keep the equipment in good condition.

(5) If the council or regrantee is authorized or required to sell the equipment, sales procedures must be followed that provide for competition to the extent practicable and result in the highest possible return.

C. Disposition When original or replacement equipment acquired under a grant or regrant is no longer needed for the original project or program or for other activities currently or previously supported by the Endowment, a council may retain, sell, or otherwise dispose of the equipment without further obligation to the Endowment.

D. Right to Transfer Title The Endowment reserves the right to transfer title to grant-acquired equipment to the federal government or a third party named by the Endowment when such a third party is eligible under existing statutes. Such transfers are subject to the following standards:

(1) The equipment must be identified in the grant award or otherwise made known to the council or regrantee in writing.

(2) The Endowment shall issue disposition instructions within 120 calendar days after the end of the federal support of the project for which it was acquired. If the Endowment fails to issue disposition instructions within the 120 calendar-day period, the council or regrantee shall follow paragraph (C) above.

(3) When title to equipment is transferred, the council or regrantee must be compensated for its share.

19. **Real Property, Construction, and Facility Improvement**

Endowment grant funds may not be budgeted for any costs related to the purchase of land or facilities or the construction and renovation of facilities. If a council owns or plans to purchase a facility which will be used to carry out its humanities activities, it may not allocate grant funds to cover the down payment, mortgage payments, or other expenses related to the use of the facility. The Endowment will, however, negotiate an occupancy rate which will take into account such things as depreciation of the property, maintenance and repair costs, utilities, insurance, taxes, etc.

20. **Travel Costs**

Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by those who are in travel status on official business of the council that is directly attributable to specific work under an award or are incurred in the normal course of the administration of the council.

Such costs may be charged on an actual basis, on a per diem or mileage basis in lieu of actual costs, or on a combination of the two, provided the method used results in charges consistent with those normally allowed by the council in its regular operation.

The difference in costs between first-class air accommodations and less than first-class air accommodations is unallowable except when less than first-class air accommodations are not reasonably available to accomplish the purpose of the travel.

21. **Foreign Travel**

Council board and staff members may undertake foreign travel, that is, travel outside the United States, its territories and possessions, and Canada without prior NEH approval whenever such travel is necessary to carry out council activities. Councils may also approve foreign travel that will be undertaken by a regrantee.

However, any air transportation of persons or property from, between, or within a country other than the United States that is paid in whole or in part with NEH funds must be performed on a U.S. air carrier when such service is available. U.S. air-carrier service is considered available even though a comparable or different kind of service can be provided at less cost by a foreign carrier or foreign air-carrier service is preferred by, or is more convenient for, the traveler.

U.S. air-carrier service is considered to be **unavailable** under the following conditions:

A. when the traveler's origin or destination airport is a gateway airport abroad, that is, the airport from which the traveler last embarks en route to the United States or at which he or she first arrives when traveling from the U.S., and the use of a U.S. air carrier would extend the time in travel status by at least twenty-four hours more than travel by a foreign air carrier;

B. when a traveler while en route must transfer to another flight and the use of a U.S. air carrier would extend his or her time in travel status by at least six hours more than travel by a foreign air carrier;

C. when travel time on a scheduled flight by a foreign air carrier is three hours or less and service by a U.S. air carrier would involve twice as much travel time; or

D. when travel is between two points outside the United States and the use of a foreign air carrier would eliminate two or more aircraft changes in route.

22. **Program Income**

The term "program income" means net income received by the council or its regrantees that is directly generated by a grant supported activity or earned only as a result of the grant award during the grant period. Councils and their regrantees may deduct the costs incident to the generation of program income, if these are not already charged to the grant or regrant, to determine net program income.

Program income includes, but is not limited to, income from fees for services performed, from the use or rental of real or personal property acquired with grant funds, from the sale of commodities or items fabricated under a grant award, and from license fees and royalties on patents and copyrights. It does not include ~~interest earned on advances of grant funds, rebates, credits, discounts, refunds, etc. or the interest earned on any of these.~~ Income from royalties and license fees for copyrighted material, patents, patent applications, trademarks, and inventions developed by a council may be treated as program income only if the revenues are specifically identified in the grant award.

Councils shall use program income which they generate during the grant period to meet their cost-sharing requirements or to support any of their humanities related activities. There are no restrictions on the use of program income earned after the grant period.



23. **Copyrights, Patents, and Rights to Data**

A. Copyrights.

(1) A council or a regrantee may copyright any work that is subject to copyright and was developed or for which ownership was purchased under a grant, regrant, or contract.

(2) The Endowment reserves for federal government purposes a royalty-free, nonexclusive, and irrevocable license to

(a) reproduce, publish, or otherwise use the work, and

(b) authorize others to reproduce, publish, or otherwise use the work.

B. Patents. Councils and regrantees are subject to any applicable regulations governing patents and inventions, including government-wide regulations issued by the Department of Commerce at 37 CFR 404.14. Copies of the standard patent rights clause may be obtained by writing to the NEH Grants Office, Room 310, Washington, D.C. 20506.

C. Rights to Data The federal government shall have unlimited rights to data first produced under a grant, as specified in the terms of the grant award agreement, except as provided in paragraph (A) above.

24. **Data Collection**

Data collection activities performed under a grant are the responsibility of the council or the regrantee, and Endowment support of the project does not constitute approval of the survey design, questionnaire content, or data collection procedures. The council or the regrantee shall not represent to respondents that such data are being collected for, or in association with, the Endowment or any other government agency without the specific written approval of the data collection plan or device by the Endowment. However, this requirement is not intended to preclude mention of Endowment support of the project in response to an inquiry or acknowledgment of such support in any publication of this data.

25. **Dissemination of Project Results**

Councils and regrantees are expected to publish or otherwise make publicly available the results of work conducted under a grant. All publication and distribution agreements shall include provisions giving the government a royalty-free license to use the material for government purposes and requiring the acknowledgment of NEH support. When it is specifically requested by NEH, the publication shall also include the disclaimer contained in Article 26 of these general grant provisions.

26. **Acknowledgment of Support and Disclaimer**

Unless advised to the contrary, all materials publicizing or resulting from grant activities shall contain an acknowledgment of NEH support. When it is specifically required by NEH, the publication shall also include the following statement: "The opinions, findings, and conclusions or recommendation expressed in this (publication) (program) (exhibition) are those of the author(s) and do not necessarily reflect the views of the National Endowment for the Humanities."

27. **Fair Labor Standards**

Councils that employ professional performers and related or supporting professional personnel under an Endowment grant are required to provide written assurance that

A. these employees will be paid, without subsequent deduction or rebate on any account, not less than the minimum compensation as determined in accordance with 29 CFR 505.3 to be the prevailing minimum compensation for persons employed on similar activities, and

B. no part of any project or production which is financed in whole or in part under an Endowment grant will be performed or engaged in under working conditions which are unsanitary or hazardous or dangerous to the health and safety of the employee engaged in such project or production.

A copy of the assurance form and the applicable Department of Labor regulations may be obtained from the NEH Grants Office.

**28. Nondiscrimination**

Grants issued under these General Grant Provisions and any programs assisted thereby are subject to the provisions of Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1973, and the regulations issued pursuant thereto by NEH (Code of Federal Regulations, Title 45, Chapter XI).

Therefore, no person on grounds of race, color, national origin, handicap, or age shall be excluded from participation in, be denied the benefits of, or be otherwise subject to discrimination under a program funded by NEH. In addition, if a project involves an educational activity or program, as defined in Title IX of the Education Amendments of 1972, no person on the basis of sex shall be excluded from participation in the project.

The state humanities councils shall at the time of application to NEH certify that their programs operate in compliance with the requirements of the nondiscrimination statutes. The councils are also required to obtain an executed certification of compliance with the nondiscrimination statutes from all institutional applicants to their regrant programs.

**29. Drug-Free Workplace Requirements**

Councils are required to have an on-going drug-free awareness program; to publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the council's workplace; to maintain evidence that this statement was given to each employee engaged in the performance of the grant; and to identify in the funding proposal or to keep on file in its office the place(s) where grant activities will be carried out. Councils should therefore indicate that, in addition to their office space, anywhere their staff carries out council activities is considered a part of the workplace.

**30. Subawards to Debarred and Suspended Parties**

A. Councils and their grantees shall not make any award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in federal assistance programs in violation of the regulations implementing Executive Order 12546, "Debarment and Suspension."

B. The Endowment's regulations are contained at 45 CFR Part 1169—Nonprocurement Debarment and Suspension." Councils are required to obtain a certification regarding debarment and suspension from all applicants to their grant programs and from all parties with whom they contract for good or services when (1) the amount of the contract is \$25,000 or more, or (2) when, regardless of the amount of the contract, the contractor will have a critical influence or substantive control over the covered transaction. Such persons would be project directors and providers of federally-required audit services.

**31. Suspension and Termination**

Circumstances may arise in which either NEH or the council wishes to terminate grant activities in whole or in part. If both parties agree that the continuation of all or a part of a council's activities would not produce results commensurate with the further expenditure of funds, the specific activity or the entire grant may be terminated by mutual agreement.

A state humanities council may also terminate its NEH award in whole or in part by notifying NEH in writing of the reasons for such termination, the effective date, and in the case of partial termination, the portion of grant activities to be terminated. However, if, in the case of partial termination, NEH determines that the remaining portion of the award will not accomplish the purposes for which the award was made, it may terminate the award in its entirety.

When NEH determines that the council 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 council 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 the council 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 council 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.

32. **Termination Review Procedures**

A state humanities council which has received a notice of termination may request NEH review of the termination action. The request must be postmarked no later than thirty days after the date of the termination notice and should be addressed to the Assistant Chairman for Programs, National Endowment for the Humanities, 1100 Pennsylvania Avenue, N.W., Washington, D.C. 20506.

The request for review must contain a full statement of the council's position and the pertinent facts and reasons that support such a position. The Assistant Chairman will promptly acknowledge the request for review and appoint a review committee of at least three staff members. Pending the resolution of the review request, the notice of termination will remain in effect.

None of the review committee members may be staff from the Division of State Programs or the Grants Office who were involved in any way in recommending termination or were responsible for monitoring the programmatic or administrative aspects of the grant. The committee will have full access to all relevant program and Grants Office background materials. The committee may also request the submission of additional information from the council or NEH staff and, at its discretion, may meet with representatives of both groups to discuss the pertinent issues. All review activities will be fully documented by the committee. Based on its review, the committee will present its written recommendation to the Assistant Chairman for Programs, who will advise the parties concerned of the final decision.

33. **Resolution of Conflicting Conditions**

Should there be any inconsistency between these General Grant Provisions and the terms and conditions of a grant award notice, the latter will govern.

## Appendix A

### ADMINISTRATIVE REQUIREMENTS THAT APPLY TO REGRANTEES

With the exception of reporting forms and methods of payment, the uniform administrative requirements of Office of Management and Budget Circular A-110 apply not only to the state humanities councils but also to their grantees. The administrative requirements that are most relevant to the councils' regranting programs are included in this appendix.

#### 1. Payments

Councils are to pay their grantees on an advance basis, provided the grantees' financial management systems meet the standards for fund control and accountability found in Article 14 of these general grant provisions. Awards of \$500 or less may be paid in one installment, and the councils may advance a grantee up to \$5,000 for a three-month period. When a grantee's cash needs exceed \$5,000 for a three-month period, advances will be limited to the grantee's anticipated cash expenditures for a thirty-day period.

Councils may withhold a small amount of a grant award (not more than 10 percent) if this is the only way to ensure the timely submission of final reports from the grantee. Councils should take care that this delay in funding does not jeopardize the project or cause serious inconvenience to the grantee. Final payment should be made promptly once the required reports are received.

#### 2. Interest Earned on Advances

Grantees are not required to maintain advances of federal funds in interest-bearing accounts unless they receive \$120,000 or more in advances during their fiscal year. If a grantee chooses to deposit these funds in an interest-bearing account, it may retain the first \$250 in interest earned each fiscal year. Interest earned in excess of this amount on funds advanced by a council shall be forwarded to the council and eventually returned to the Endowment.

#### 3. Program Changes

All changes in the scope or the objectives of a project, the project director, or the duration of the project should be approved in writing by councils. Councils may also require their approval before a grantee may subcontract or transfer substantive project work.

#### 4. Budget Changes

Councils may require grantees to seek approval for budget changes that involve the addition or deletion of budget items, the inclusion of costs that were specifically disallowed by the terms of the grant award, the transfer of funds allotted for training purposes, for example participant stipends and fellowship awards, and the transfer of funds that were budgeted for direct costs to absorb increases in indirect costs or indirect-cost type items.

Councils may also restrict the transfer of funds among direct costs categories when the federal share of funding exceeds \$100,000 and the cumulative amount of the transfers exceeds or is expected to exceed 10 percent of the total budget, which would include cost sharing as well as grant funds. When federal funding does not exceed \$100,000, councils may not restrict grantees from transferring funds among direct cost categories, provided the scope or objectives of the project are not changed.

#### 5. Reporting Requirements

**Councils may not require the submission of performance or financial reports more frequently than quarterly, and grantees should be permitted to submit payment requests whenever they need grant funds.**

Grantees shall have 30 days following the reporting period to submit interim reports and 90 days from the completion date of the grant period to submit final reports.

6. Program Income

Councils shall stipulate in their regrant agreements how the regrantee is to use program income earned during the grant period. They may, if they wish, require that program income be deducted from the regrantee's total allowable costs to determine net allowable costs or they may allow the income to be used as the regrantee's cost sharing or to cover additional project costs.

Unless a council specifies in the grant award how income earned after the regrant period and income earned from license fees and royalties on patents and copyrights is to be used, the regrantee may dispose of that income in any way it chooses.

When a council requires regrantees to return program income earned after the regrant period, the amount of income returned should not exceed what the council awarded and should be proportionate to the council's funding of the project.

7. Suspension and Termination Procedures

Written procedures for the suspension and termination of regrants and the review of a termination action should be issued as a part of the terms and conditions of a council award.

## Appendix B

All contracts, including small purchases, shall contain the following provisions as applicable:

1. Equal Employment Opportunity

All contracts must contain a provision requiring compliance with Executive Order 11246, entitled "Equal Employment Opportunity" as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 CFR, Part 60).

2. Copeland "Anti-Kick Back" Act (18 U.S.C. 874)

All contracts and subgrants in excess of \$2,000 for construction or repair awarded by recipients and subrecipients shall include a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Act provides that each contractor or subrecipient shall be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he is otherwise entitled. The recipient shall report all suspected or reported violations to the Federal sponsoring agency.

3. Davis-Bacon Act (40 U.S.C. 276a to a-7)

All construction contracts awarded by the recipients and subrecipients of more than \$2,000 shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 276a to a-7) and as supplemented by Department of Labor regulations (29 CFR, Part 5). Under this Act contractors shall be required to pay wages to laborers and mechanics at a rate not less than the minimum wages specified in a wage determination made by the Secretary of Labor. In addition, contractors shall be required to pay wages not less than once a week. The recipient shall place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation and the award of a contract shall be conditioned upon the acceptance of the wage determination. The recipient shall report all suspected or reported violations to the Federal sponsoring agency.

4. Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330)

Where applicable, all contracts awarded by recipients in excess of \$2,000 for construction contracts and in excess of \$2,500 for other contracts that involve the employment of mechanics or laborers, shall include a provision for compliance with sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulations (29 CFR, Part 5). Under section 103 of the Act, each contractor shall be required to compute the wages of every mechanic and laborer on the basis of a standard work day of 8 hours and a standard work week of 40 hours. Work in excess of the standard workday or workweek is permissible provided that the worker is compensated at a rate of not less than 1 1/2 times the basic rate of pay for all hours worked in excess of 8 hours in any calendar day or 40 hours in the workweek.

~~Section 107 of the Act is applicable to construction work and provides that no laborer or mechanic shall be required to work in surroundings or under working conditions which are unsanitary, hazardous, or dangerous to his health and safety and health standards promulgated by the Secretary of Labor. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.~~

5. Rights to Inventions and Materials Generated Under a Contract to Agreement

~~Contracts or agreements for the performance of experimental, developmental, or research work shall provide for the rights of the Government and the recipient in any resulting invention in accordance with 37 CFR Part 401 and any implementing regulations issued by the sponsoring agency.~~

6. Clean Air Act of 1970 (42 U.S.C. 1857 et seq.) and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) as Amended

Contracts and subgrants of amounts in excess of \$100,000 shall contain a provision that requires the recipient to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act of 1970 (42 U.S.C. 1857 et seq.) and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) as amended. Violations shall be reported to the Federal sponsoring agency and the Regional Office of the Environmental Protection Agency.

7. Anti-Lobbying (31 U.S.C. 1352)

Contractors who receive an award of \$100,000 or more must file a certification with the recipient stating that they will not and have not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Such contractors must also disclose to the recipient any lobbying that takes place in connection with obtaining any Federal award.

8. Debarment and Suspension (E.O. 12549)

No contracts shall be made to parties listed on the General Services Administration's list of Parties Excluded from Federal Procurement or Nonprocurement Programs in accordance with Executive Order 12549. This list contains the names of contractors debarred, suspended, or proposed for debarment by agencies, and contractors declared ineligible under other statutory or regulatory authority other than Executive Order 12549.

# NATIONAL ENDOWMENT FOR THE HUMANITIES

WASHINGTON, D.C. 20506



## CODE OF ETHICS

The following is a Code of Ethics to be followed by NEH grantees whose projects relate to American Indian, Aleut, Eskimo or Native Hawaiian peoples. Researchers and scholars should be aware of the following:

- (1) While the body of law and custom on which the Code is based is rooted in relations with the Native peoples of North America, you are urged to follow it whenever living cultures and peoples are involved; and
- (2) The Code is based on the Endowment's adherence to Public Law 95-561, the Indian Religious Freedom Act; Public Law 96-515, the National Historic Preservation Act amendments of 1980; and other relevant public laws governing relations with Native peoples of North America, and is constructed to conform to the principles of these laws.

Researchers should familiarize themselves with these laws so that adherence to Federal statutes will accompany compliance with this Code. Please sign the following statement, thereby assuring the Endowment that work funded by this grant will adhere to the following provisions:

(a) Every effort should be made in advance of project design and execution to engage the agreement, advice and cooperation of members of the Native community in planning and execution of the project and in the disposition of results from the project. This means that the aims of the investigation, exhibition, or project should be communicated to the Native community and the anticipated consequences and results of research or data-gathering should be explained as fully as possible to the individuals and groups likely to be affected.

(b) Where research or exhibition of materials involves the acquisition of material (objects and documents) and transfer of information on the assumption of trust between persons, the rights, expressed interests and sensitivities of those originating the material must be safeguarded.

(c) There is an obligation on the part of the scholar/researcher/principal investigator to reflect on the foreseeable repercussions of research and publication on the participant population and to inform them of probable impact.



(d) Native community consultants have the right to remain anonymous or be specifically named and given credit if they so choose. This right should be respected where it has been explicitly promised. Where there is no clear understanding to the contrary, sources should be kept confidential. Because funded proposals, grant reports and other written material in the Endowment's possession are available to the public, no identifications contrary to the wishes of community consultants should appear.

(e) Investigators using recording devices such as cameras or tape recorders or the technique of oral interviewing are also subject to the above criteria. Subjects under study should understand the capacities of such machines and should be free to accept or reject their use.

(f) Individuals or group community consultants should be fairly compensated (through reciprocal exchange or monetary payment) for their services/information and there may be no exploitation of subjects under study. Scholars should make every attempt to guarantee appropriate credit (in the form of co-authorship, co-curatorship or co-investigatorship) and the distribution of financial rewards where appropriate for products resulting from projects.

(g) Any report or work considered for publication (and where applicable and possible, films or exhibitions) should be deposited with the Native representatives of the elders and traditional leaders of the community. Every effort should be made to see that such a representational body has an opportunity to view the films or exhibitions which result from work undertaken in the community.

(h) This Code should not interfere with or preclude any formal agreements made between researchers and Native peoples for the course of research undertaken with Federal funds. Further, the Code does not preclude or supercede ethical codes, subscribed to and endorsed by various professional associations, but rather, intends only to make clear the standards expected of those receiving Endowment funds.

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Application number)

\_\_\_\_\_  
(Date)

NATIONAL ENDOWMENT FOR THE HUMANITIES

WASHINGTON, D.C. 20506



March 1, 1990

MEMORANDUM

TO: Chairs and Executive Directors  
State Humanities Councils

FROM: Marjorie A. Berlincourt, Director  
Division of State Programs

SUBJECT: The Procedures Manual

I am enclosing your copy of the new Procedures Manual with this memo. We hope that you will find it helpful.

Two additions will be made to the manual as soon as the final text becomes available. The first will be the new general grant provisions (Section V, pages 47-61), while the second will be an index which we will compile after these provisions are in place. Until then, the present provisions remain in force.

We regret this delay which was caused by the failure of affected agencies to agree upon a common rule for non-profit organizations in government-wide discussions last fall. At this moment, David Wallace, the director of the NEH Grants Office, is reviewing the general grant provisions with an eye to making appropriate modifications on the basis of what we anticipate will happen.

Our intention in revising and reorganizing the manual was to produce a reference tool that can be readily used and easily updated. If you have any questions about the information in the manual, please call your program officers.



# **THE PROCEDURES MANUAL**

Division of State Programs

National Endowment for the Humanities

Updated: January 1990



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NATIONAL ENDOWMENT FOR THE HUMANITIES

WASHINGTON, D.C. 20506



Chairs and Executive Directors  
Humanities Councils

Colleagues:

We are pleased to send you the new edition of the Division of State Programs Procedures Manual that has been revised, updated, and restructured for ease of reference. **Please discard all previous editions.**

The new manual has been rewritten with major changes in format designed to provide essential information succinctly in narrative form. Detailed information is included in the appendices and referenced in the narrative. Each section is self-contained so that revisions and updated information can be readily substituted. We anticipate that the manual will be updated annually, with any changes incorporated into it before the start of the new fiscal year.

In view of the changes in policies and procedures which have taken place in the four years since the previous edition of the Manual, we urge you to review the material, noting in particular the changes in the legislation in 1985, the federal budget process and the allocation of the state program funds, the guidelines for the biennial proposals and the state and regional exemplary awards, and the addition of the compliance plan to the biennial and interim progress reporting cycles.

We welcome your comments. It is our hope that the new Procedures Manual will be a helpful and useful reference tool for all of us.

With best wishes.

Sincerely yours,

A handwritten signature in cursive script that reads "Marjorie A. Berlincourt".

Marjorie A. Berlincourt  
Director  
Division of State Programs



### **Acknowledgments**

*The staff of the Division of State Programs wishes to acknowledge the support of our colleagues in the Accounting, Audit, Grants, and Planning and Budget offices. David Wallace prepared the section on General Grant Provisions, and Sheldon Bernstein assembled the material in the section on Audits. We particularly appreciate the thoughtful comments of our colleagues on the staffs of the humanities councils regarding the general grant provisions and gift-and-matching guidelines.*





# **THE PROCEDURES MANUAL**



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## SECTION I: INTRODUCTION

The National Endowment for the Humanities supports work in the humanities through programs administered by five divisions—Education Programs, Fellowships and Seminars, General Programs, Research Programs, and State Programs—and two offices—the Office of Challenge Grants and the Office of Preservation.

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.

Of these fields, the disciplines of history, philosophy, literature, and languages are central, for learning in them is basic to the activity of other disciplines. But beyond certain areas of knowledge, the term humanities also involves processes such as careful reading and critical thinking, whereby these areas are analyzed, understood, and preserved. In the words of the renowned philosopher-humanist, Charles Frankel:

[The humanities] are [society's] efforts to place itself in the sequence of history, to examine its ideas and ideals, to study its language and its forms of behavior, to come to a critical assessment of the myths, symbols, stories, and rules by which it gives shape and direction to its life.

The state programs were established on the assumption that the study of the humanities contributes to the ability to make reasoned decisions.<sup>1</sup> There are benefits to individuals, to scholarship, and to society when citizens who are beyond the years of their formal schooling and scholars with knowledge and training in the humanities join together in serious study and interpretation of the acts, works, and artifacts of human culture.

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<sup>1</sup> The term "state" includes, in addition to the several States of the Union, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Northern Mariana Islands, and the Virgin Islands. PL 209 Sec. 952 (sec. 3) (g): National Foundation on the Arts and Humanities Act of 1965.



## SECTION II: HISTORY

In 1965, Congress enacted the National Foundation on the Arts and Humanities Act (20 U.S.C. 951 et seq.), establishing the National Endowment for the Humanities as an independent grant-making agency of the federal government to support scholarship, education, and public programs in the humanities. The state program had its beginnings in 1970 when Congress, working with the then Acting Chairman of NEH, established the program. The Endowment created the first six humanities councils in 1971. The central purpose of each council, like that of the Endowment, is to support the humanities. Humanities councils now operate in each of the fifty states, the District of Columbia, Puerto Rico, and the Virgin Islands. Grants from the Endowment are made to the humanities councils, which conduct their own projects and then through a competitive review process regrant the funds to organizations and groups for projects in the humanities.

From the beginning, humanities councils have relied on the spirit of American volunteerism. After some experimentation, NEH settled upon the present structure—private, non-profit organizations with boards of volunteer members—which now number on average a total of eleven hundred people across the country. Each council has a similar structure, a volunteer head or chair of each board, with approximately half of the board members coming from the academic community and half from the private sector. In addition, governors may appoint up to six of these members. Each board hires and directs a permanent staff to carry out its goals and programs. By engaging citizens who are united through a common sense of purpose and interest in the humanities to serve on humanities councils, the Endowment believes that the program is an effective means of providing significant humanities programs for general audiences.

Like NEH itself, humanities councils have had the authority to support any type of program eligible for support under Section 7(c). The special emphasis in state programs, however, is to make focused and coherent humanities education possible in places and by methods that are appropriate to the citizens served by each council. Within broad guidelines established by statute, each council selects its own members, develops its own guidelines, determines the emphasis of its own program, and reviews and funds projects on a competitive basis in accordance with its stated goals.

Council projects focus on a wide variety of topics, themes, and disciplines. These projects typically have the following elements in common:

The content of the project is centered in one or more of the humanities disciplines cited in the Endowment's authorizing legislation;

Each project is focused on a topic, idea, or text, which is explored using the methodology of the humanities;

The methods of the humanities—critical thinking and interpretation—are evident throughout the program. Humanities scholars are actively involved in the project, drawing upon their analytical, interpretive, and pedagogical skills; and,

Scholars and the general public are engaged in disciplined dialogue of benefit to both.

In FY 1988 the councils awarded 4,647 grants reaching millions of Americans through a wide variety of formats. Councils have supported and initiated humanities projects in a wide variety of settings: museums, historical societies, libraries, and college campuses; city parks and community centers; Indian reservations; traveling Chautauqua-style tents; prisons, senior centers, and church and grange halls. The projects frequently involve bringing together institutions that have never joined forces before in cooperative programming efforts. As humanities councils by law may support no more than half the cost of projects, every federal dollar provided by these councils is matched by local contributions of cash, goods, and services. They also serve to promote, facilitate, and nurture programs of other cultural institutions which are subsequently funded through other NEH divisions and offices and cooperate in the promotion of national initiatives.

## SECTION III: LEGISLATION

### REAUTHORIZATION PROVISIONS

The National Foundation on the Arts and the Humanities Act of 1965, the Museum Services Act, and the Arts and Artifacts Indemnity Act, the legal provisions which provide for the creation of, among other agencies, the National Endowment for the Humanities, are still in effect, pending a reauthorization review every five years. The most recent review occurred in 1985. For a complete copy of this legislation, please refer to Appendix III, with pages 12-17 of specific interest to humanities councils.

While the original legislation remains largely unchanged, there are three areas of specific concern to the states. The 1985 reauthorization provided:

1. that humanities councils increase their membership from four to six gubernatorial appointees, provided that the total number of gubernatorial appointees not exceed 25 per cent of the council's membership;
2. that humanities councils hold public meetings in the state to allow scholars, interested organizations, and the public to present views and make recommendations regarding the state plan and include specific information about scholarly participation in state council programs in the application to the National Endowment for the Humanities for funding; and
3. that funds raised by council grant recipients ("subgrantees") be certified by the humanities council for matching.

Refer to Section IV: "Narrative Reports" for additional information.

### Membership

It was the intent of Congress through the 1985 reauthorization legislation to increase involvement of state government in order to make humanities councils more responsive to the citizens of the state. To comply with the legislation, humanities councils should:

1. adopt a membership procedure which allows for those with twenty-four or more members to have six gubernatorial appointees. Councils may choose to maintain their present number, with gubernatorial appointees filled by converting existing vacancies, or by expanding their membership.

Example: Addition

	<u>1985</u>	<u>1989</u>
Council Size	25	26
Gubernatorial Appointments	5	6

Example: Conversion

	<u>1985</u>	<u>1989</u>
Council Size	25	25
Gubnatorial Appointments	5	6

2. increase their present size if they number twenty-three or fewer prior to 1985 by adding at least one gubernatorial appointee.

Example: Increase

	<u>1985</u>	<u>1989</u>
Council Size	21	22
Gubernatorial Appointments	4	5

T - 1

The median size of humanities councils is twenty-three members. **As a general rule of thumb, most councils must add a gubernatorial appointee to their membership in order to conform to the intent of Congress.** Significant deviations from this median are reviewed by the staff of the Division of State Programs at the submission of each council's compliance plan.

### **Public Meetings**

Compliance with the public meeting requirement involves thirty-day advance notice to the general public of the times and places of meetings at which the state plan will be discussed. Notice may be made in newspapers, annual reports, newsletters, or other equivalent publications. Public meetings may be held separately or in conjunction with annual conferences or lectures, program development sessions, regular council meetings, evaluation conferences, workshops, or other appropriate gatherings. Compliance also mandates that the humanities councils hold more than one such public meeting annually. For the mandated public meetings, provisions must be

made to allow members of the public who are unable to attend an opportunity to request the agenda and comment. The council's compliance plan must include an agreement to provide information in the biennial proposal on public meetings held in the two previous years, the manner in which public notice of the meetings was provided, and the council's response to specific recommendations from the public made during meetings or in written form. [Section 7(f)(3)(1)] The staff of the Division is collecting information on the types and range of public meetings, variations in the process of implementing them, and on their impact upon the state plan. Humanities councils are required to provide a detailed analysis in their biennial proposal but should also discuss in abbreviated form their strategy to meet the public meeting requirement in their interim reports. Humanities councils are encouraged to contact the Division for information about various types of meetings that have proven successful. **Councils should be especially sensitive to the need for more than one meeting annually and for the need for a broad range of citizen input.**

Regarding the need for the program information requirement in the reauthorization legislation, humanities councils must include information in their biennial proposals and interim reports on:

the number of scholars and scholarly organizations participating in the council's programs;

the extent to which the council programs are taking place throughout the state;

efforts made to publicize the availability of programs throughout the state, plans to ensure a wider participation by scholars and scholarly organizations, and efforts to extend programs to all regions of the state.

**It is important for each council to review pertinent sections of its by-laws which make provisions for these changes as mandated by the 1985 reauthorization legislation, proposing appropriate revisions when warranted. The revised bylaws should then be submitted with the state's annual compliance plan.**

Examples of public meeting announcements and requests for public input into individual humanities council programs may be found in Appendix III.

### **Gift Certification**

**Gifts can now be certified by regrantees.** Donors' letters, however, should be kept on file in council offices for three years following the submission of the final financial status report for the NEH grant. A council should also keep documentation demonstrating that the project received the gift. Once matching funds are released to a grantee who has retained the gift, the humanities council must take appropriate action to insure that, for every federal matching dollar that is expended by the grantee, an equal amount of gift funds is also expended. For an extended discussion, refer to **Section V: Fiscal Management** for an example of a certification letter. It is assumed that individual humanities councils will develop a donor letter appropriate to their needs.

## COUNCIL ORGANIZATION

Humanities councils are private, non-profit organizations which enjoy an ongoing relationship with the National Endowment for the Humanities. With the creation of the first six councils by the Endowment in the early 1970s, many councils now have a history which extends over the past fifteen years. Councils may or may not be incorporated, although **the Division strongly encourages each council to incorporate. Humanities councils should also hold 501(c)3 status from the Internal Revenue Service.**

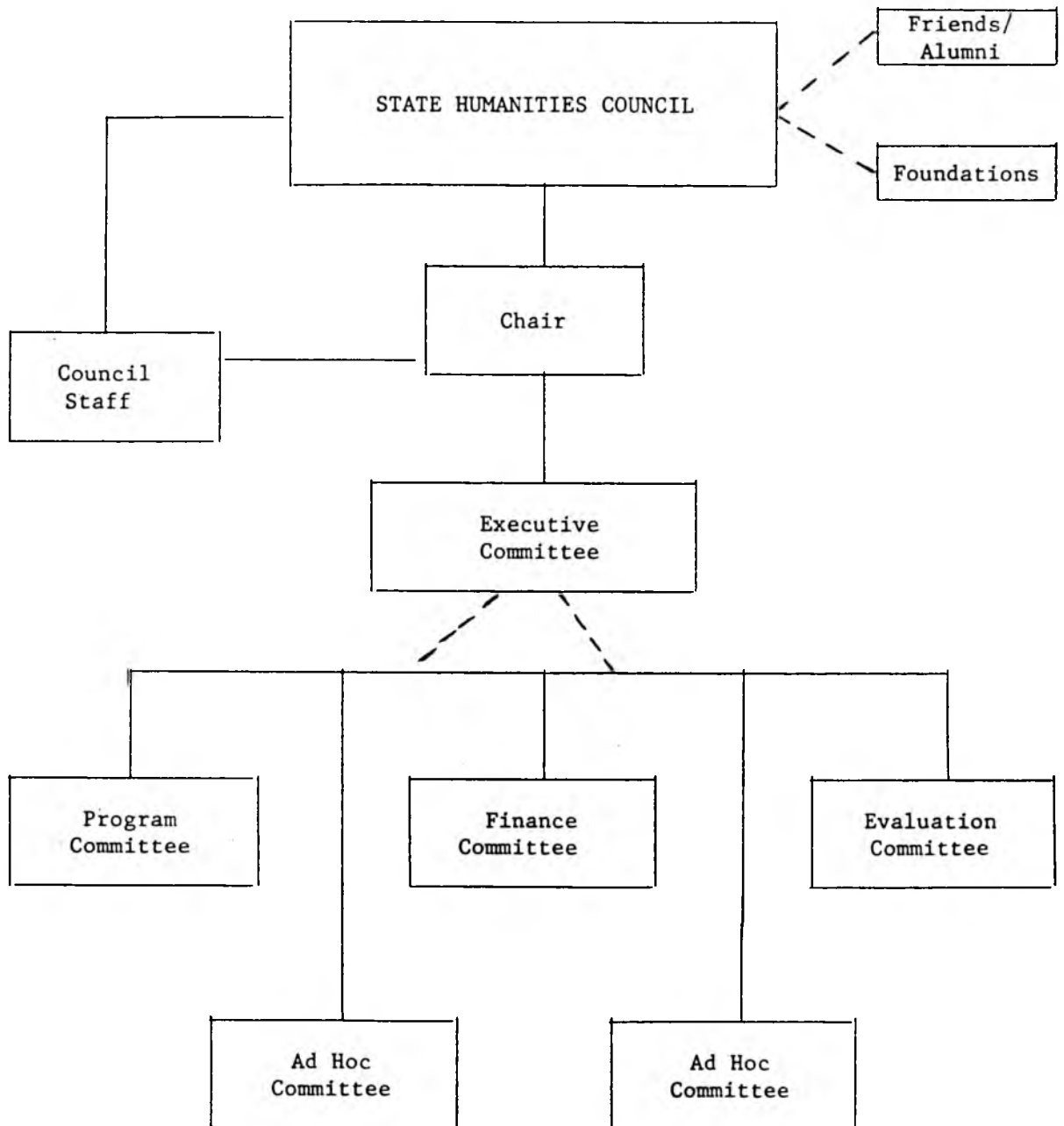
Humanities councils are composed of volunteer boards, with approximately half of their members coming from the academic world and the other half from the private sector. The terms of members vary with the type of appointment. To ensure consistency and continuity, the Division suggests that **non-gubernatorial appointees serve three-year renewable terms, with a maximum tenure of six continuous years. Gubernatorial appointees should either serve the same terms as other council members or terms coterminous with the governor.**

Each council is headed by a chair, who is also a member of the council's elected board of officers. The Division recommends that **chairs serve up to two consecutive years.** Councils should also provide for continuity in membership among their elected officers. In their bylaws, they must specify the number and type of elected officials, terms of office, the relationship of these officers to the organizational structure, and the duties and responsibilities of each. As is the case with all volunteer non-profit boards, the chair has final responsibility for the actions taken by the council and performs duties in strict compliance with the council's by-laws. The by-laws, and their implementation, are one of the council's most effective statements on internal organization, policy, and procedures. They are also an important tool in determining whether or not a humanities council meets the standards for compliance with NEH authorization legislation.

In forming subcommittees, councils use a wide variety of approaches which reflect council history, their position in the state, and their philosophical outlook regarding the development of a humanities program appropriate to the state. Executive committees may act upon council matters between regular meetings, pending approval of the full board. In addition, humanities councils usually establish a group of standing subcommittees in such areas as programs, finance, and evaluation. There may also be permanent standing subcommittees formed to assist in the development of an ongoing council project. More generally, humanities councils have historically made excellent use of ad hoc subcommittees, created to deal as a temporary measure with specific concerns affecting council programs or operations. In all cases, of course, the chair has the legal responsibility to implement and determine the agenda of the various council subcommittees.

An appropriate council committee structure is an invaluable tool in ensuring that the council runs smoothly and efficiently and is an effective steward of federal funds. An illustration of a hypothetical humanities council committee structure follows on the next page.

TYPICAL STRUCTURE OF A HUMANITIES COUNCIL



## FUNDING

**Congress authorizes the Chairman of NEH to make grants and disburse funds to the humanities councils from the annual appropriation to the Division of State Programs. The Chairman also has the authority to determine the adequacy of the program in light of applicable legislation and NEH regulations.**

### **Definite Funds**

The legislation authorizing the Endowment indicates that not less than 20 percent of the appropriation of definite program funds to NEH for any fiscal year shall be for the humanities councils and establishes a formula for the allocation of these definite funds. Under this formula, if a council is judged to be operating an "adequate" program:

1. each eligible council is first allocated \$200,000 of the amount appropriated for state programs if sufficient funds are available; otherwise, funds are equally divided among all councils; and
2. of the funds remaining after these allotments have been made, 44 percent is divided equally among the councils; 22 percent is awarded on the basis of state population based upon annual federal census figures (**THIS CONSTITUTES THE BASE GRANT**); and the remaining 34 percent of the excess is awarded by the Chairman for the national state program. The funds for the national state program are used for a variety of purposes to provide additional matching funds; to provide supplemental unrestricted funds; to support the cost of public meetings; and to provide services for the program nationwide as well as for specific programs such as the State and Regional Exemplary Awards.

### **Cost Sharing**

**In order to insure broad-based community support, each humanities council is required by law to share the cost of its programs and administration. This is called cost sharing and should not be confused with federal matching funds, discussed below.**

Cost sharing may include federal funds. It may also include cash, services, and materials supplied by council members, grantees, and other supporters of the council. In order to meet the cost share requirement, a humanities council usually provides funds limited to one half of the cost of projects supported by regrants; the other half is typically provided by the organization receiving the regrant.

Cost sharing may take many forms in addition to cash, from poster board given by a local store to donated use of space, telephones, and clerical support. In all cases, however, in-kind donations must be documented by the grantees. **It is a statutory requirement that for every dollar**



provided in outright funds provided by the Endowment, an equal amount of cash or in-kind cost-sharing contributions must be used to support budgeted project activities during the grant period. The council may exercise its discretion in waiving or lowering cost sharing for some grantees as long as total cost-sharing requirements for the council's grant from the Endowment are met. The cost sharing requirement presents tangible evidence of local support for council activities. In this way, humanities councils encourage diversified funding and a wide range of projects to all areas, large and small, throughout the country.

### **Federal Matching Funds**

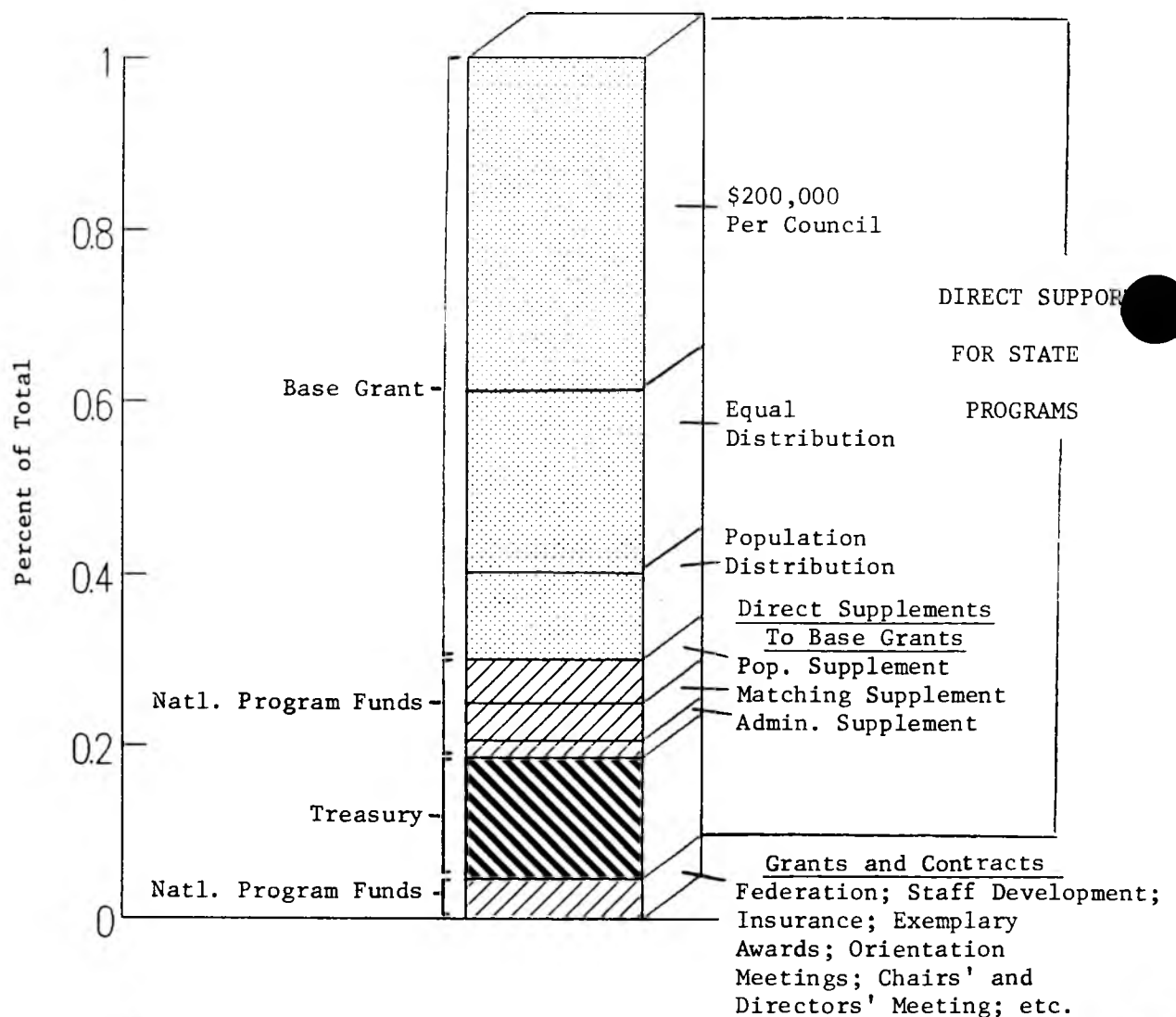
In addition to outright funds, a council may request in its biennial proposal and interim progress report support from the Endowment in the form of federal matching funds (also called "Treasury Funds" or "Gift and Matching" Funds). **The Chairman has made available a significant portion of the agency's Treasury fund appropriation to the humanities councils.** These are funds that are released to a council when it raises gifts in aid of specific projects or in support of its general operating expenses. Only gifts of money, including the net proceeds from the sale of noncash gifts that are donated by non-federal third parties are eligible to release federal matching funds. In submitting a request for federal matching funds, a council must describe in its biennial or interim proposal its fund-raising plan as well as its projected use of the funds.

Federal matching funds are designed to stimulate increased private funding for the humanities. The gifts-and-matching funds provided by the NEH to the humanities councils have encouraged active and imaginative fund-raising efforts by many councils.

Humanities councils should certify gifts up to the limit of their Treasury offer by September 1 with all funds committed, if at all possible, by August 15th. The Division staff will work with each council to monitor its Treasury offer.

# Distribution of NEH Funds

To State Councils: FY '89



## THE OTHER OPTION: STATE AGENCY STATUS

At present, all humanities programs function as private citizens councils. There is a second possibility, however, which allows for the governor in each state to convert a private-citizens council into a state agency. If a state government wishes to establish a state agency for the humanities eligible for NEH funds:

1. it must designate as the state agency the council which was in existence on the date of the enactment of the Arts, Humanities, and Museum amendments of 1985.
2. as the terms of the present members expire, the governor must appoint replacements.
3. the state must appropriate new funds equal to 50 percent of the minimum grant (normally 50 percent of \$200,000) or 25 percent of the total federal grant of definite funds, whichever is greater; and
4. all funds must be used for programs, or for the administration of programs, which are "designed to bring the humanities to the public."

As the amendments do not describe the procedures for establishing a state agency, the Endowment has determined that a three-step process must be implemented before NEH will recognize the council's new designation as a state agency. These procedures are:

1. submission by the governor, for NEH approval, of a plan showing compliance with the statute;
2. submission by the governor, for NEH approval, of an application for funds; and
3. appropriation by the state legislature of the necessary new funds to allow conversion to state agency status and the release of those funds to the newly-constituted state agency.

In addition, all humanities programs, including those designated as state agencies, must meet a 50 percent cost-share requirement. State-appropriated funds will contribute toward meeting this requirement. Councils designated as state agencies must submit a compliance plan fashioned after that of the private citizens councils.

As noted earlier, the director of the Division sends a letter to the governor (or appropriate state official) informing the governor of the options available and of the procedures for conversion to state agency status. To date, no humanities council has been converted into a state agency. If a governor decides to request the conversion of a humanities council to state agency status, the Division will provide appropriate additional information.

#### **SECTION IV: NARRATIVE REPORTING REQUIREMENTS**

To obtain funding from NEH, humanities councils must submit applications for funding (proposals), as do all other applicants for Endowment funds. In the case of the humanities councils, these proposals usually eliminate the need for separate final narrative reports on completed grants.

To obtain the "base grant" allocated for a particular humanities council under the NEH authorizing legislation, each council must submit a proposal, in alternate years, which analyzes recent council activities and discusses future directions. After review and approval of this proposal, funding is awarded for the first year of a two-year plan. To receive funding for the second year, the humanities council submits a brief interim progress report to demonstrate that the program is being conducted in accordance with the goals and objectives established in the proposal.

In addition, the Division conducts a special competition for "State and Regional Exemplary Awards." A separate proposal is necessary for this application, but participation is entirely voluntary for the humanities councils. For recipients of these awards, final narrative reports are required ninety days after the end of the award.

The Endowment endeavors to keep reporting to NEH by the humanities councils to a minimum. Minor occasional reports are periodically requested. Reporting on regrants for the ADP/DSP is discussed as well.

## THE BIENNIAL PROPOSAL

### Review Process

A humanities council's proposal is subject to the same rigorous review given applications to other Endowment divisions. As with all Endowment programs, **the Chairman of the Endowment is charged by law with the responsibility for all final funding decisions.** When making decisions, the Chairman receives advice from many sources—reviewers and panelists outside the Endowment, panelists convened to discuss the proposal here at NEH offices, Endowment staff, and the National Council on the Humanities.

The review process for state programs has three purposes: (1) to determine whether each council program conducts a satisfactory program in the humanities (as required by statute), (2) to provide the council with an assessment of its program as described in the proposal and to provide advice about possible areas of improvement, and (3) to make judgments about the level of funding and about whether conditions should be attached to the grant. There are five possible ratings: excellent, very good, good, satisfactory, and less than satisfactory.

**All proposals must arrive in division offices by the Friday of the first week in April of the year in which a humanities council is reviewed.** Upon receipt of the proposal, the Division forwards copies to three or four outside reviewers selected by the staff of the division. These reviewers, who include academic as well as independent scholars, may have had direct experience in state programs as either past council members or project directors, although they never read proposals from states where they currently reside or from councils with which they have had close contact. Many are experienced administrators familiar with the work of non-profit institutions while others may be civic leaders with a thorough understanding of the humanities and actively involved in their dissemination. All have wide knowledge of the humanities and an understanding of public programs. To maintain a current pool, the Division director welcomes recommendations on panelists and reviewers for inclusion on the lists. Please refer to Appendix IV for a statistical breakdown of a recent group of evaluators.

Each proposal is also evaluated by a peer review panel of five to seven people who meet each June at the Endowment offices. As with the reviewers, the Division selects panelists who represent a diversity of academic disciplines and who combine some blend of experience in academic administration, foundation work, work with public nonprofit cultural institutions (such as museums, libraries, and historical societies), or work with humanities councils and other public humanities programs. The Division also seeks a balance among individuals from large and small population states, urban and rural states, and different regions and cultures. In general, ideal candidates for Division panels are uniformly strong in their knowledge of the humanities and are familiar with humanities programming for public audiences and the work of humanities councils. When biennial proposals are being considered, the file on a council's previous proposal is available for the panel's consideration.

Reviewers and panelists are asked to evaluate integral and complementary aspects of the council's work: (1) the projects and programs funded or initiated by the council in the past as well as its plans for future programming, and (2) the overall operation of the council within the state. In order to assess the quality and effectiveness of the overall work of the humanities council, the Endowment asks the reviewers and panelists to consider the intellectual quality of the program; the centrality of the humanities in individual regrants and council-initiated projects; the involvement of scholars in the humanities in all aspects of the council's program; the use of a range of disciplines and formats appropriate for topics and audiences; the effort to reach all geographic areas of the state through its programming; and the extent to which the council's program is appropriate to the state's needs, interests, and resources.

Evaluators also judge the projects and programs funded by a humanities council in light of the qualities appropriate to humanities programs. To that end, they are asked if the content of the project is centered in one or more of the humanities disciplines cited in the Endowment's reauthorizing legislation and if each project is focused on a topic, idea, or text, which is assessed and discussed using the methodology of the humanities. In addition, evaluators must determine if the methods of the humanities—critical thinking and interpretation—are evident throughout the program. In this regard, they consider whether there is clear evidence in the proposal of the involvement of humanities scholars, drawing upon their analytical, interpretive, and pedagogical skills, actively involved in the project. Finally, evaluators must judge whether scholars and the general public are involved in disciplined dialogue of benefit to both.

At least three Division staff members read each proposal, including the council's assigned NEH program officers and the Division director. Staff assessment is arrived at collectively, with agreement reached first among the team members to whom the state is assigned, and then presented to the rest of the Division for review. Beyond the proposal, staff employs the full range of correspondence, annual reports, newsletters, and printed materials available to them. Assigned program officers also make regular visits to such council activities as regrant sessions, planning and evaluation retreats, annual awards dinners and subcommittee or executive committee meetings. Whenever possible, the staff also attends projects sponsored by the council.

The National Council on the Humanities, twenty-six citizens appointed by the President and confirmed by the Senate, advises the Chairman of the Endowment on grant-making and on policy. The members meet four times a year to make funding recommendations. Summaries of reviewers' and panelists' comments and a separate staff assessment are presented to the Chairman and to the National Council's Committee on State Programs. After discussion, the committee makes funding recommendations to the full council, which in turn makes recommendations to the Chairman who makes the final decisions on funding. Reviewers and panelists are always asked to offer suggestions about ways in which a humanities council's program might be improved, even for those councils which received strong overall support in the review process. At the conclusion of the review process, the program officer assigned to the state summarizes the evaluations and recommendations of the reviewers, panelists, Division staff, and the National

Council in a post-review letter. The Division presents this letter to a humanities council in order to assist the council in reaching its goals for the ensuing two-year period.

## Component Parts

The biennial proposal has four sections: (1) an analysis of the state; (2) an assessment of past programs; (3) a discussion of future directions; and (4) a discussion, if applicable, of the council-conducted project. There is also space allotted for budget discussion in which a detailed financial plan for the overall operation of the council which must be submitted. Finally, a humanities council must append a two-page, single-spaced abstract with the proposal. Beginning in 1989, the biennial proposals and interim progress reports must also contain the new compliance forms in an effort to reduce reporting cycles and streamline reporting requirements.

### Analysis of the State

In many respects, this is among the most crucial components of the biennial proposal. The analysis should describe and assess the features of the state which are pertinent to a humanities program and set the council's work within the framework of the educational and cultural milieu of the state. The state analysis provides evaluators with a key to understanding the council's vision of itself and its view of how the council meets the needs of the citizens for whom it was created.

In this sense, the state analysis provides the council with a unique opportunity. Through it, the council conveys to the evaluator the characteristics of the state and assists in preparing the evaluator for the more involved discussion of past programming and future planning. The entire proposal will be read in light of this description, for a humanities council is evaluated in terms of its effectiveness in using the resources of the state and in identifying and responding to the state's intellectual needs and interests. At the heart of the state analysis, of course, is a key question: "What is the most appropriate role for the humanities council in the state?" When preparing the analysis, a humanities council uses a variety of strategies. Often, the discussion will include information about demography, socioeconomic structure, current concerns, particular history and character, and the statewide institutional framework within which the council operates. Included in this section should be a short summary of the history of the humanities council over the past five years, describing major changes in programming and overall operation. **It is important for a council to update and modify its analysis based both on previous evaluators' concerns and on recent demographic or other changes which might have occurred in the state since the last biennial.**

At the same time, the Division recognizes that a carefully articulated state analysis has a long shelf life, especially if great attention is paid to modifications in the analysis. **In an effort to facilitate preparation of the biennial proposal, we recommend that councils adopt a procedure already used by many and place this section on a word processor, modifying the document as conditions within the state warrant.**



### Assessment of Past Programs

This section provides a council with an opportunity to discuss the development of the program over the past two years. The assessment has a variety of purposes. It allows a council to illuminate especially successful projects. In this section, a council might also choose to undertake a frank analysis of what worked and what failed to work, broadening it into a larger discussion of what lessons a council learned from its experiences.

There are three parts to this component. In its discussion, a council should reflect upon: (1) programming, including a discussion of the council-conducted project in council programs; (2) program development activities; and (3) evaluation. Each category should be addressed in light of the following criteria:

1. the goals which were established two years ago from which individual projects evolved;
2. the level of success in reaching these goals, documented by specific examples; and
3. a thoughtful and cogent assessment of a council's success in achieving programmatic goals.

### Programming

A council should pay careful attention to the criteria for review of applications, discussed in the opening sections of the biennial proposal review guidelines. It is important to demonstrate to evaluators the breadth of the council's programs and the integrity of a focus which provides quality humanities programs to citizens throughout the state. The program section should demonstrate that the council encourages a range of formats, the use of qualified scholars and other participants, the use of texts, and a thorough evaluation of each project which is linked to a council's assessment of overall program quality. It is also crucial that the council tie its council-conducted project with its justification for past programs.

### Program Development

In the program development discussion, the council demonstrates not only that it is a vital force in the humanities life of its state but also that it is working steadily in a focused and coherent manner to improve the council's role in that life. In many ways, it is a discussion of how the council went about its business. **Two new forms allow a council to describe program development in a simplified format.** A council may supplement these forms with added narrative. As you will note in Appendix IV, the first form provides information on such questions as the efforts made by councils to attract proposals, involve scholars, and become more visible in the state. This information will permit evaluators to determine, in conjunction with other sections on past programs, what impact a council has had on the life of the state. Other areas include information on the number and type of workshops held, the involvement of educational institu-

tions, and dissemination of information to the public through strategies such as newsletters and annual report. The second form focuses on a council's response to activities in light of the 1985 reauthorization provisions, especially those features pertaining to public meetings.

## Evaluation

In order to establish goals and objectives for the future, a council needs strategies to evaluate its effectiveness. To do so, it must establish procedures by which it evaluates both specific programs and its overall effort. In the first case, a council must develop a strategy for careful assessment of its re grants, most commonly through the use of independent, outside evaluators. At some point in a council's planning effort, the results of these evaluations should be incorporated into a careful assessment of a council's overall effort.

An evaluation of re grants prepares a council for the more extensive discussion of the direction which a council's program has taken. Establishing a progressive and useful strategy to assess the council's efforts is among the most difficult tasks which it undertakes. To deal with this task, many states have or are preparing to engage in long-term planning, which allows them to combine an evaluation component with a broad discussion of the future direction taken by a council. To assist councils in this effort, the Chairman of NEH is offering \$10,000 planning awards to each state in FY '91.

Many councils discuss their council's long-term plans in a retreat setting. They have found that a retreat allows a council time to reflect, argue, and plan for the future on the basis of objective and subjective evaluations of the council's program. Whatever the format, a council needs to ask itself continually if the program is still appropriate for the state, if the intellectual quality of the overall program is substantial, if the procedures result in a council membership that is broadly representative of the state's population, if the programs funded have been solidly centered in the disciplines of the humanities, and if it is reaching various populations and geographic areas.

In the evaluation component of its assessment of past programs, the council must make clear what worked for the council and what did not. It should also present its own analysis, interpretations, and conclusions about the history and effectiveness of council's programs over the past two years. Evaluators must see what improvements are contemplated by the council and what modifications have already occurred in the council's approach. The self-assessment of past programs must fit into the council's vision of itself as expressed in the state analysis and should be the explicit basis for the future program. **To assist a council in its reporting procedure, the reporting guidelines include an evaluation form which will summarize evaluation procedure.**

### Future Directions

The council's plans for the future are important because they express a council's sense of where it is headed on the basis of an analysis of the state and an assessment of past programs and represent in a very real sense the justification for funding for the next biennium. In this section, a council should describe what it hopes to achieve over the next two years and how these plans fit its vision of its long-term growth. A council should incorporate a frank assessment of its goals over the next two years. It should also build a convincing and compelling case for these goals, one which flows from previous discussion within the biennial proposal. It is imperative that a council address the future with an eye to which components of the council's program will remain unchanged, which will be modified, and what new strategies will be implemented.

**Within this discussion must be a vision of the future.** Such details as a council's anticipated requests for proposals, statewide conferences, council-initiated projects, cooperative agreements, and any other strategies which allow the state to fulfill its mandate are crucial to this section.

There are also administrative considerations. A council must address the parameters of its growth, describing committee structure, its personnel policies, the scope of its program development activities, its provisions for public meetings, and its strategies for the presentation of the state plan. **It has been our experience that evaluators expect well-crafted, specific future plans.** Such clarity will permit the evaluators to make an assessment about the council's plans to shape an aggressive plan for the future on behalf of the citizens of the state. It will also offer them an opportunity to determine if a council is capable of meeting its stated goals for the future.

### The Council-Conducted Project

Since 1983 a council has been able to use up to \$25,000 in regrant funds to construct a project of its own design. The council-conducted project represents a recognition that councils are no longer passive regranting agencies responding to applications. According to FY 1987 figures, forty-seven councils have taken advantage of the program at least once, and nineteen councils have sponsored their own project in each of the last three years.

The formats, content, and audiences vary from project to project, but a number of themes have emerged. Conferences and publications have been popular formats. The most prevalent type of project, however, has been the resource center and/or speakers bureau. Council-conducted project funds have enabled state councils to mount programs created according to their own standards and their assessments of the intellectual needs of their states. They provide a council with the possibility to attract new groups and scholars to council programs. They offer council-initiated models which showcase the public/academic connection. In many respects, the project acts as a window into the program as a whole.

To use the format successfully, the proposal for a council-conducted project should include a rationale about why the project was selected and how it fits into a council's overall effort. A council should specify which disciplines of the humanities will be employed and how staff time will be allocated or if temporary staff will be hired to complete it. The project design must be logical and workable and contain a realistic work plan. A council must identify the audience to be reached by the project, the strategy to attract it, and the evaluation criteria by which a council will measure its success. Finally, a council must take care to provide a reasonable budget, including an explanatory narrative. If not approved, these funds are returned to the general regrant budget for council use.

### The Humanities Council Budget

A council's budget is a crucial component of the biennial proposal. A careful and informed presentation assists evaluators in their efforts to understand a council's overall program and the specific priorities which the council has assigned to various features of that program. The budget also permits evaluators to judge more accurately whether what the council's activities—both ongoing and planned—are realistic given the resources available to the council. The budget is a statement, in effect, which demonstrates prudent fiscal management to the evaluators. It also suggests strategies for the innovative and appropriate use of federal money, the importance of local cost share, and strategies by which federal money is used to leverage private dollars in building a stronger and more visible program.

As you know, the Office of Management and Budget (OMB) guidelines help shape the format under which a council's budget is presented in a biennial proposal. Within that framework, however, a council should supplement the budget by employing a budget narrative which identifies and explains key features in the fiscal administration of the budget. At its discretion, a council may also choose to submit a second budget which it feels may produce greater clarity in the minds of evaluators when placed together with the budget and budget narrative.

Councils should also recognize that the preparation of its budget is tied to the intricacies of the federal budget process. There is considerable time and effort required before an appropriation is passed by Congress and signed by the President. **With this in mind, we recommend that, when proposing its budget, a council base its figures on level funding from the previous year or on the administration's request level.** Councils should also review any budget memoranda forwarded by the Division director.

Councils submit a twelve-month budget, with the new grant period effective on November 1st. There are five general categories: (1) administration and services to the field; (2) the council-conducted project; (3) regrants; (4) cooperative agreements; and (5) staff development. Council funds are broken down, additionally, into the following three categories: (1) definite funds; (2) gifts-and-matching funds; and (3) total funding levels.

## The Compliance Plan

**Beginning in 1989, the compliance plan will be submitted in conjunction with the biennial proposal or the interim progress report, depending upon which a council submits to the division in a given year.**

The compliance plan defines the relationship of a humanities council to the authorizing legislation by which Congress created the state programs. It is also a formal procedure by which a council indicates its intent to comply with the will of Congress. Prior to the beginning of the new fiscal year, the Assistant Chairman for Programs will inform each council whether the Endowment has determined that the council is in compliance with the reauthorization legislation and is eligible for continued funding.

In the past, humanities councils have adopted a wide variety of reporting formats. To encourage uniformity and to provide for ease in reporting, the Division staff has prepared new compliance forms. The first one, to be signed by the chair of each council, underscores the legal responsibility of the council chair to indicate on behalf of the council its desire to expend federal funds solely in support of programs authorized by the reauthorization legislation. This form also indicates the council's willingness to provide any and all information requested by the Chairman of NEH in accordance with that legislation. The second form, also signed by the chair, is a one-page compliance report which requests information on council membership, the nomination process, and the terms of council members and officials elected from among them to council posts. In addition, it incorporates questions regarding public access to council programs, the council's efforts to keep state government officials fully advised on council activities, and scholarly input into council activities.

Each February, the director of the Division will forward a memorandum reminding humanities councils of the compliance plan reporting requirements. At that time, we will also provide councils with new compliance forms. **The Division maintains a record of each council's bylaws, but it is the responsibility of each council to update the file annually, typically at the time a council files its compliance plan.** The date of adoption of these bylaws should be prominent on the cover page of any revisions.

For a sample form which illustrates the new procedure, see Appendix IV.

## THE INTERIM PROGRESS REPORT

In its biennial report, each humanities council assesses its overall work during the past two years and describes what it expects to achieve during the ensuing two-year period. **This document—the Interim Progress Report—should not be viewed as a proposal, but as an analytical essay of fifteen pages prepared at the mid-point of a two-year grant.**

The interim progress report is submitted to the Division by the Friday of the first full week in June. It is reviewed by the staff and, if appropriate, sent to evaluators outside the Division for their insights. The members of the National Council committee assigned to state programs review the interim reports at their August meeting and inform the National Council. The Chairman, by law, makes the final funding decision. The staff of the Division prepares a review letter which is forwarded to the council.

### General Discussion

Within its presentation, a council should begin with a restatement of the major goals which it set forth in its biennial proposal the year before. The analytical essay should describe the current state of the council's overall program, detailing how the council has achieved its stated goals, any difficulties it has encountered and how it has dealt with them, and what changes have been made to the program on the basis of what the council has faced over the past year. Whatever the approach, a council should use its interim progress report as a link between the major statements made in past proposals and future biennial submissions in a way that allows evaluators to understand better the history and evolution of a council's programs.

There is considerable flexibility in the format which a council employs in its analytical essay. Regarding programmatic features, a council may choose brief descriptions of specific projects which demonstrate its work over the past year. These descriptions may also serve to illustrate ongoing thematic initiatives or early responses to a council's "Request for Proposals." They may also serve to describe more fully the nature and impact of a cooperative agreement which a council has made with another institution within the state. The analytical essay might also address the operational side of council activities. In this regard, the interim progress report might illuminate changes which have occurred in council strategy as a result of ongoing long-term planning decisions reached over the past year. The analytical essay should be a snapshot of council activities at the time of submission.

### Council-Conducted Project

One of the most important features of the interim progress report, of course, is the council-conducted project, a format which has become increasingly popular among humanities councils. A council may use this strategy to designate up to \$25,000 of its regrant funds to conduct a project of its own design. If not approved during review, these funds are returned to the general regrant budget for council use. If a council wishes to undertake a council-conducted project, it should describe the following features in approximately five pages:

Rationale	why the project was selected, how it fits into a council's program, why it is timely and feasible;
Humanities	what disciplines of the humanities are involved and how they are integrated into implementation of the council-conducted project;
Format	whether the project design is logical and workable, and whether it originates with past council activities;
Work plan	what steps will be followed in implementing the project, including appropriate specificity to inspire confidence that the council-conducted project is feasible;
Personnel	the names, job descriptions, and qualifications of key personnel or, if premature, a description of the jobs, qualifications of the personnel to be hired, and hiring practices;
Audience	who will participate in the project and how have they been involved in its planning, what are the strategies to attract an audience and to encourage its members to participate in the council's programs;
Evaluation	what are the mechanisms and criteria for project evaluation and how this evaluation will influence future council activities;
Budget	a separate budget, with explanatory narrative.

As with the biennial proposal, a twelve-month budget should be included based upon level funding from the previous fiscal year. It should be prepared thoughtfully and in accordance with the outline for budgets contained in the Guidelines for the Preparation of Biennial Proposals. Obviously, a council may also elect to include a budget narrative and/or a council-generated budget as additional explanations to supplement the one mandated by NEH guidelines.

Refer to Appendix IV for a copy of the guidelines for the Interim Progress Report.



## THE STATE AND REGIONAL EXEMPLARY AWARDS

Since 1982 the Endowment has been using a portion of its discretionary funds to enable humanities councils to undertake worthy, imaginative projects of a scale that they would otherwise be unable to fund. These awards are made for projects that both further the goals of the council and promise to increase its leadership in the intellectual and cultural milieu of the state. All humanities councils are eligible to apply for these awards, which do not normally exceed \$75,000 per council. The purpose of this program is two-fold: to enable councils to undertake excellent projects that they might otherwise be unable to fund, and to recognize projects of an outstanding and imaginative nature that are appropriate for the state and that further the goals of the council. While these projects should serve as models to other humanities councils, it is recognized that the significance of the project for the particular council or group of councils is of primary importance. The primary emphasis is on the funding of a high quality humanities project.

In addition to proposals from individual state councils, two or more councils may submit joint applications. Examples of such activities include proposals from the Great Plains states on the Chautauqua and from the Rocky Mountain Resource Network for planning for collaborative programming. These proposals usually require a great deal of planning and, as such, often qualify in their early stages for the category of planning grant. **Please note that a regional project from several states may also be proposed in the range of \$150,000 — \$175,000, depending upon the number of councils which apply for a regional award.**

Since 1987 a council has also been able to apply for a planning grant in order to undertake the final research and planning necessary for a major statewide or regional project. Planning grants can also be made for proposals which encourage administrative efficiencies or for projects that study the possibilities of shared resources. It is important to note, however, that planning grants should not be considered start-up "planning to plan" grants but, rather, as grants which are necessary to complete the process of preparation for full-scale implementation of a large-scale project or one in the early phases of its design. **Normally, planning grants should not exceed \$15,000 for statewide projects or \$25,000 for regional projects.** Please note that the award of a planning grant does not indicate, by itself, that a subsequent full-scale exemplary application will be funded.

**A council may apply for a planning grant, a full-scale project, or regional program. A council considering the submission of more than one proposal in a given year should discuss the range of applications with the staff of the Division in advance, and no council should plan to submit more than two applications per year. If a council decides to submit more than one proposal, it must demonstrate that it has the available resources, in terms of personnel and supporting institutions, to make two projects feasible. On occasion, a council may be offered a planning grant on the basis of the evaluators' view that a promising project needs further development before being considered for an exemplary award. An outline of the types and range of projects funded in this competition is included in Appendix IV.**

The Endowment and the humanities councils have been pleased with the evolution of this competition, which continues to encourage applications for support of projects that are imaginative, conceptually and intellectually strong, and that hold the promise of increasing both the leadership and visibility of the humanities councils. As councils have gained in experience since the inception of the competition, a pattern has begun to emerge which has allowed the Division to assess and compare the results of projects made possible by these awards. This evaluation has assisted the Division in clarifying and expanding the purpose of the competition and the criteria for the evaluation of these projects. In general, projects that are successful are characterized by intellectual quality, by centrality of the humanities, by the soundness of the work plan, and by the qualifications of the personnel. They are related to the institutional development of a council and are highly appropriate for the state. It is a council's decision when to undertake a major statewide project.

As to the format, a council should provide an abstract of the proposed project which describes the activities planned. In the general narrative, a council should establish the origin and intellectual need, its purpose and audience, and the activities, work plan, and format. In this latter category, a humanities council should take care to be as specific as possible, providing all information needed by evaluators when they judge the proposal. There should also be some analysis of project personnel and resources and a suitable plan for evaluating the outcome of a project.

**Applications are due at the Endowment on the Friday of the first full week in October and are presented to the National Council on the Humanities for consideration in February. Please note this change in the cycle.** Humanities councils wishing to enter this competition are invited to confer with Division staff well in advance of the October deadline. Applications are reviewed by a panel consisting of persons representing both the general public and the scholarly community. Their evaluations will be based upon the documents submitted, not on the regular biennial proposal, interim progress report, or other documents that provide an assessment of the council's overall program. Outside specialized reviews may occasionally be sought to supplement panel assessments. A summary of the panel discussions as well as a staff assessment will be presented to the National Council committee responsible for review of state programs. The recommendation of that committee will be presented to the full National Council for review and to the Chairman who, by law, makes the final decision.

Awards will be made before April 1, and project activities should be completed twenty-four months later, by March 30. Each humanities council that receives an award is required to submit a final narrative report on the accomplishments of the project. The report is due at the Endowment no later than ninety days after the termination of the project, or June 30.

Please refer to Appendix IV for a copy of the Guidelines for State and Regional Exemplary Awards, including a discussion on the budget. It is necessary for a council to prepare a budget narrative explaining projected project costs. It is also important to indicate how cost-share requirements are being met.

The Endowment is currently encouraging proposals for projects concerning the following topic:

#### THE COLUMBIAN QUINCENTENARY

As part of the international observance of the 500th anniversary of Christopher Columbus's voyage of discovery in 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; the establishment of new societies and new forms of cultural expression through encounters among Native American, European, and African peoples; and the ideas—political, religious, philosophical, scientific, technological, and aesthetic—that shaped the process of exploration, settlement, and cultural conflict and transformation set into motion by the momentous voyage of Columbus.

## ADMINISTRATIVE REPORTS

From time to time, the Chairman of the National Endowment for the Humanities or the Director of the Division of State Programs may request additional information from humanities councils. The staff of the Division needs to maintain up-to-date information on the membership of humanities councils and their meeting dates. In order to respond to requests for information from members of Congress, the press, and private citizens, the Division also maintains a file of basic publications (guidelines, annual reports, etc.) describing the program of each council. Councils are reminded to forward to the Division the following information:

1. changes in council membership, chairs, or staff;
2. meeting dates, including type of meeting, site, and projected date;
3. publications, including four (4) copies of the council's newsletter, annual report, guidelines, announcements of public meetings stemming from the 1985 reauthorization legislation, RFP's, and any other appropriate promotional literature; and
4. minutes of regular council meetings and executive committee meetings.

A form for changes in membership or staff has been included in Appendix IV. Please notify your program officer of council meeting dates as soon as they are available. Publication materials should be forwarded to the program officer assigned to the state for distribution within the Division.

## THE CATALOGUE OF PROJECTS: ADP/DSP REGRANT DATA BASE

In order to maintain a record of all the regrant projects supported by the humanities councils, NEH requires that each council submit a separate form for each applicant who has requested funds from the council. Each form records:

1. Type of Project (Major, Mini, Packaged);
2. State Council Number (a 3 digit code, e.g. Missouri = 926);
3. NEH Grant Number (SO- );
4. Final Action (Fund or Reject);
5. Decision Date (of grant review meeting);
6. Name of Project Director, and Co-Project Director, if applicable;
7. Congressional District (of primary sponsor);
8. Primary Sponsor and Co-Sponsor, if applicable (Institution or individual);
9. Type of Institution (code);
10. Location(s) of Project Activities;
11. Budget information (NEH funds and cost-share);
12. Project Title;
13. Project Dates;
14. Project Description; and
15. Disciplines, Topics, Formats and Types of Audiences involved in the project.

Every project should have identified the amount requested, and, if funded, the amount awarded. The computer will calculate the total NEH dollars awarded (a combination of outright funds and matching funds). Projects which the council supports with only non-federal funds should also be recorded on DSP Cover Sheets so that a complete record of the council's activities is maintained. Entering the non-federal dollars as cost-share alerts the computer to record these projects as a distinct group.

The project description should be omitted for projects which are not funded. It is very important, therefore, that the titles of the rejected projects are self-explanatory and that all the other categories (including scholarly disciplines, formats, topics and audience) are provided on the form. The information entered under disciplines, format, topics, and audiences should be in words which explain as precisely a description of these categories as possible. However, for councils which have computerized their regrant reporting systems, a list is included of the codes which should be used for these categories.

A separate form should be submitted for each packaged grant awarded (e.g. speakers, audio-visual materials circulated from a resource center). If the project is identified as a packaged grant, it is not necessary to repeat the project description in the submission packet, however, for each new set, please repeat the project description. It is also not necessary to reenter the scholarly disciplines or topics involved because the computer will retrieve the first submission of this project and reproduce that information. You will need to enter the different sponsors, locations, and dollar amounts for each presentation of the packaged project.

Forms for each application reviewed during a grant review session should be submitted to the Division at the conclusion of that review cycle. At the end of each year, NEH produces a catalogue of projects and a statistical profile of the grant-making activity of each council. Prior to the final printing of the catalogues, each council will receive a draft copy to review for corrections. The corrected catalogues will be returned to the councils for inclusion in their annual reports. Each council should take care to assign a clearly understandable, short title to each project, and to describe the program as a humanities project in the short description.

The evaluators of humanities council programs find these catalogues helpful in assessing the types of programs sponsored by the councils in each year. Additionally, the Division prepares various reports from this information, for example, compiling lists of regrants by topic, format, scholarly discipline, range of dollars spent, or type of sponsoring institution. Humanities councils may also ask the Division to compile reports from this data base.

Included in the appendices are a sample DSP Cover Sheet, instructions on how to fill in each block, a sample of a computer-generated catalogue entry for a funded and for a rejected project, a sample set of the statistical profiles compiled from the individual regrant sheets, a list of the three-digit state codes, a list of the codes for the different types of institutions, a list of the codes which are used for the disciplines, formats, topics and audience types, and a list of the linkages which have been created to produce the statistical profiles.

## SECTION V: FISCAL ADMINISTRATION

### INTRODUCTION

In an attempt to eliminate unnecessary reporting requirements from the management of sponsored research, the Office of Management and Budget (OMB) has issued a memorandum outlining steps for streamlining the administration of grants.

Historically, the federal government has attempted to streamline and simplify the administration of grants through OMB Circulars A-121, "Cost Principles for Institutions of Higher Education," and A-110, "The Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations." In a recent memo, however, OMB officials stated that, despite their efforts, "grants accounting and administration remains relatively complex for a number of reasons." These reasons include the need of the federal government to ensure public accountability, the financial pressures on universities to recoup all indirect costs associated with research, the rise in overhead costs, and the potential for a decline in productivity.

The activities of the state programs fall under the guidelines regarding the administration of grants and non-profit organizations. The director of the NEH Grants Office is a member of the government-wide subcommittee charged with reviewing these provisions. The material which follows on the administration of grants by humanities councils, therefore, represents the most precise explanation possible based on the progress to date of these meetings. Endowment grants to the state programs are subject to the administrative requirements of OMB Circular A-110.

## THE FEDERAL BUDGET PROCESS

The funds available for any fiscal year result from a lengthy process which has several stages. The process regarding the appropriation of funds begins with the Endowment's basic legislative authorization. Depending upon the authorization period, the Endowment's legislation, activities, and funding are reviewed carefully by Congress. At that time, appropriation ceilings—i.e., an upper level of funds that can be made available for each fiscal year—are authorized. The actual appropriation, however, requires separate action every year.

As part of the Endowment's 1985 reauthorization, Congress mandated appropriations for each fiscal year through FY 1988. No specific amounts were authorized for FY 1989 or FY 1990; instead, the legislative language states only that "such sums as may be necessary" are authorized for these years. This language means that the amounts actually appropriated for those years will become the "authorized" limits.

Regarding the appropriation cycle, the Endowment begins work for the annual appropriation about eighteen months before the start of the fiscal year. While budget-related discussions occur throughout the year at the Endowment and at every National Council meeting, formal planning for FY 1989 (i.e., the period from October 1, 1988 through September 30, 1989) began in May 1987 with a comprehensive staff review of agency programs, including program objectives and funding levels. This planning stage culminates with the presentation of the Chairman's budget to the Council every August.

On September 1st, the Endowment must submit its budget request to Office of Management and Budget, which then examines the NEH request alongside all the other requests submitted by Executive branch agencies. OMB usually conducts a hearing on the Endowment's budget request early in the fall.

In November or December, the Executive departments and agencies are given their budget levels approved by OMB and, if necessary, the agencies revise their budgets and justifications accordingly. **This budget becomes the Endowment's official appropriation request to the Congress, and it is first announced in the President's budget submitted to Congress in January.**

The President's budget, in the form of various appropriations bills, is considered first in the House and then in the Senate. In each body, the bills are referred to the Appropriations Committee and, in turn, to a subcommittee. The subcommittees hold hearings in the spring and make their recommendations to the full committee in the early summer. During this period, the Chairman is called upon to offer public testimony on the work of the Endowment and its request for financial assistance.

Generally, the subcommittees' recommendations are endorsed by the full legislative committees and then reported to the floor. Once the House votes on the bill, the Senate passes its own bill. If the House and Senate bills are identical, the legislation is transmitted to the President for his



signature. Usually, however, differences exist between the House and Senate bills that must be resolved in conference. The resulting conference bill must then be approved by both bodies. Ideally, House and Senate deliberations will be concluded during the summer, and the President receives the bill before the start of the new fiscal year on October 1st.

Should there be a delay, the Endowment's appropriation is governed by a short term funding bill called the "continuing resolution." In recent years, there have been several continuing resolutions by which the NEH received a portion of its allocation based upon the funding level from the previous year. In turn, the humanities councils receive a portion of their funding to carry them through until the appropriation bill is passed by Congress and signed by the President.

After Congress passes the bill and the President signs it, the bill becomes law. At that point, the appropriation becomes available to the Endowment, and through the Endowment, to the humanities councils.

## THE BUDGET

### Funding at NEH

Congress appropriates three types of funds for the Endowment: definite, indefinite (Treasury and Challenge), and administrative.

Definite funds provide for the Endowment's program grants. Although used primarily for "outright" grants, they also may be used for making matching offers. The definite funds appropriation is available for only one fiscal year.

Indefinite appropriations include Treasury and Challenge grant funds, both of which are intended to match non-federal gifts. The term "indefinite" means that these funds constitute a reserve from which the agency may draw when actual gifts are certified and accepted by the agency. The Chairman of NEH allocates Treasury Funds to the Division and a matching offer is made to each humanities council. These funds support the same kinds of endeavors that definite program funds do and require a one-to-one match.

Administrative funds cover internal Endowment operating expenses, including staff salaries and benefits, such as funding of the new federal retirement system, rent, telephone, mailing costs, National Council expenses, panels, consultants, equipment and supplies, and certain contracted services. These funds are available only for the year for which they are appropriated. The administrative budget request is prepared after the program levels have been set, since it is determined in part by the latter.

## **Funding for the Division of State Programs**

Since the Endowment received its first appropriation in 1966, Congress has provided two types of grant funds to the agency: outright funds (also called definite funds) and federal matching funds (also called indefinite or Treasury funds).

**Definite Funds:** Through the Endowment's authorizing legislation, Congress provides that funding to the Division of State Programs will be allocated to each humanities council according to a formula if the council is judged to be operating an adequate program. This is the statutory base grant. **For a humanities council, the base grant is determined by a formula which provides that each council receive \$200,000, with 44% of the remainder divided equally, 22% divided on the basis of population among all humanities councils, and 34% for making grants to humanities councils, regional groups, and other entities provided sufficient funds are available. The amount available for population is always based upon the last available federal census.**

Definite funds are ordinarily considered the most useful type of funding by humanities councils because these funds may be used as outright funds or, like indefinite funds, may be used as matching funds to leverage as private gifts, including matching unrestricted gifts for administration.

**Indefinite Funds:** The purpose of the matching funds has been to stimulate private support for projects in the humanities by offering potential donors the incentive of doubling the impact of their contributions. For FY '88, NEH received a matching appropriation of \$12 million, and the Chairman allocated \$4 million of that amount to the Division.

In April 1988, the NEH Grants Office issued a new set of "Matching Guidelines for State Humanities Councils." The guidelines incorporate the Endowment's policies regarding such areas as matching offers, restricted vs. unrestricted gifts, ineligible contributions, gifts given to councils and grantees, documentation of gifts, obligation and expenditure of gift and matching funds, and gifts given to NEH.

**Supplemental Funding:** The base grant from definite funds and the Treasury Fund allocation constitute the bulk of a council's funding. There are several possible additions to this funding, however, for which a council is eligible.

The largest supplement is the unrestricted funds. These are available to all states rated good or better by the peer review process governing the biennial proposal. If a council receives a rating less than "good" (satisfactory or unsatisfactory), it is entitled to the statutory base grant only. Assuming that a council will have addressed weaknesses in its program over the next year, it is expected that unrestricted funds will become available to that council in the second year of the two-year review cycle. All councils generally receive their portion of the unrestricted funds in their interim progress report years.

These funds are provided by the Chairman for the national state program. In FY 1988, for example, the Division provided \$1 million from that fund as unrestricted funds for all 53 humanities councils. In FY 1989, the Division provided \$1.4 million in unrestricted funds. See Appendix V.

Unrestricted money can serve a wide variety of purposes. These purposes include use of outright for regrant purposes, as match for gifts to a specific project, gifts for administrative purposes, or gifts designated unrestricted. These unrestricted funds may not be transferred directly into administration and services to the field, but may be used for administration when they match gifts (either unrestricted or restricted to administrative support).

There may be other supplements to a council's budget. Examples include:

1. State and Regional Exemplary Awards;
2. staff development awards; and
- c. awards which allow a council to undertake specific national services. Included as examples are the translation supplement in Puerto Rico, the Tennessee computer project, and the contract for the "proposal sharing" plan of Minnesota.

These supplements are also drawn from the portion of the budget allocated to the national state program.

## **The State Council Budget**

There are five administrative categories which comprise a state council's budget: (1) administration and services to the field; (2) regrants; (3) council-conducted project; (4) cooperative agreements; and (5) staff development.

### **Administration and Services to the Field**

To foster greater administrative efficiency and flexibility, the Division has allowed three categories—administration, program development, and the retired person's account—to be collapsed into a general category called "administration and services to the field." This category is the operational side of a humanities council budget. In addition to program development, usual costs such as staff salaries and benefits, office rental, travel, printing, and postage form line items in this category. A council may also use administrative and program development funds to conduct activities such as conferences, planning meetings, retreats, and market analysis for projects and strategies important to council goals, if it chooses to do so.

The current budget for administration builds on a series of calculations in effect since 1982. At that time, each council received \$85,000 for administration, or 20% of its total grant, whichever was higher, plus an additional 10% of its total budget (a figure designated at that time for special program development). Finally, up to \$4,000 was used to support the hiring of a retired person to perform specific functions for the council. Effective in 1989, the Chairman has authorized a 20% increase in the overall administrative budget.

Since 1987 the NEH Chairman has also made available an additional \$10,000 for the portion of the budget allocated to the national state program to help a humanities council defray the cost of holding public meetings and for other administrative expenses, mandated by the 1985 reauthorization legislation. This represents a \$530,000 draw upon the pool of money available. This category should be shown each year as a separate line item in the administration and services to the field budget.

### **Regrants**

A humanities council awards grants to non-profit organizations and institutions. They are called regrants because each grant made by a council to an organization or institution is funded from the monies which the Endowment has made available to that council as part of its overall grant; hence, a council's grant to an institution or non-profit organization is actually a regrant. This term, however, may be confusing to the council's potential applicants. Thus we encourage councils to use the phrase "grant funds" when communicating with council applicants and grantees.

The regrant funds must be used exclusively to provide support for humanities projects in open competition on the basis of established criteria that are widely known. A humanities council may choose to allocate certain amounts within its regrant budget to specific, council-approved

regrant funding lines, reserving the right to shift funds to different grant lines if the need arises. In addition, evaluation costs of grantees and audit costs of grantees may be charged to the administrative expense or to regrants, if included in the original award.

**As a rule of thumb, council-initiated activities should comprise no more than 50 percent of a council's funding activity.** These activities include programs which originate through the "Request for Proposals" on systematic, thematic initiatives, the council-conducted project, and cooperative agreements. In order to provide ample opportunity for project ideas arising from organizations and institutions in the state, at least half of the regrant budget should be allocated to community-initiated grants, presented to a council in open competition and frequently stimulated by program development activity.

#### The Council-Conducted Project

A humanities council may conduct projects with up to \$25,000 of its regrant funds. The proposal for a council-conducted project must be submitted to the Division for NEH approval in either the biennial proposal or the interim progress report. For a description of council-conducted project reporting requirements, see SECTION IV, especially the discussion on work plan, budget, and budget narrative.

For a copy of the form for a council-conducted project budget, refer to the biennial proposal guidelines in Appendix IV.

#### The Cooperative Agreement

There are three methods of providing financial assistance employed by the federal government. These are contracts, grants, and cooperative agreements. Please see Appendix V for definitions of each mechanism.

In general, under a contract the principal purpose of the relationship is the acquisition by purchase, lease, or barter, of property or services for the direct benefit or use of the federal government, using funds from the administrative portion of the budget. With a grant, the principal purpose of the relationship is the transfer of money, property, services or anything of value to the recipient in order to accomplish a public purpose. When employing a grant, it is assumed that there will be no substantial involvement between the funding agency and the recipient during performance of the activity.

The third approach is the cooperative agreement. The cooperative agreement provides a new funding mechanism for humanities councils that should encourage focused, coherent and innovative programs between a humanities council and important cultural and educational institutions with which the council has had a history of close and successful collaboration. This approach is experimental and the Division recommends that humanities councils exercise great caution in using it.

**It is important to note that a cooperative agreement must be competitive.** It must also be implemented in four stages. First, a council must identify an appropriate project that arises logically from its vision of the future. Next, it must issue a Request for Proposals. This must make clear the central role which the council will play in the agreement, establish the conditions of eligibility for prospective co-sponsors, indicate the rough parameters within which a more detailed project will emerge, and provide basic information on humanities content, the use of scholars, if applicable, and the proposed budget. Third, applications received in response to a Request for Proposals must be reviewed by the full council. Finally, the council must then work closely with the successful applicant (co-sponsor) to determine its mutual roles, the specifics of the project to be undertaken, a realistic budget, and an appropriate strategy for evaluation.

Sample language for the fourth stage of a cooperative agreement may be found in Appendix IV. A council is urged to contact its program officer for assistance in developing projects that employ the cooperative agreement.

**As to funding, please note that a cooperative agreement or a series of cooperative agreements must constitute, collectively, no more than 15 percent of a council's definite regrant funds. As part of the overall program of council-initiated project, it is also subject to the 50 percent rule of thumb suggestions outlined which govern all grant activity.**

## SECTION VI: AUDIT PROCEDURES

In an effort to simplify and explain audit procedures, requirements, and standards, the NEH Audit Office has provided two analyses for your information. The first is a discussion of the types of audits, drawing heavily from OMB Circular A-110. The second is a more informal discussion of some tentative conclusions reached by the Audit staff in the course of their dealing with humanities councils. In this analysis, the Audit staff has devised a hypothetical "Council" from which they draw their conclusions.

### TYPES OF AUDITS

There are several types of audits. These include:

Grant Compliance Audit—Audits conducted by federal auditors for the purpose of assuring the federal agency that grant recipients complied with the terms and conditions of a grant.

Cost Audit—Audits conducted by federal auditors, generally at the completion of a grant period and usually limited to the costs claimed for reimbursements under the grant. The objective is to verify that claimed costs were expended, supported by documentary evidence, and that amounts are within budget guidelines of the grant agreement.

Financial Statement Audit—Audits conducted by independent public accountants, generally CPA's, for the purpose of expressing an opinion on the fairness of the financial statements of the organization in conformance with Generally Accepted Accounting Principles. The resulting reports consist of—the Auditor's report/opinion page wherein the auditor states they have examined the balance sheet at a certain date, the related statements of support revenue and expenses, and changes in fund balances, and changes in financial position for a stated period. The financial report also consists of "Notes On the Financial Statements," which disclose significant accounting policies and other required disclosures; i.e., lease commitments, pension data, etc.

Usually, there is a Schedule of Functional Expenses which supplements the basic statements. This statement lists line items of cost by object and distributes the cost to the programs and administration.

OMB Circular A-110 Audits—This audit combines a grant compliance audit with the financial statement audit. The objectives of this organization-wide audit are to determine whether the internal controls of the organization are free of material weaknesses, that there is compliance with applicable laws, regulations, grant agreements, and that the organization's financial statements are fairly stated. This audit report gives the federal agency a level of assurance that the organization is fulfilling its accountability responsibility. These audits are performed by the grantee's independent public accountant (IPA). If there are significant costs and material areas of noncompliance, further auditing may be called for; that would usually be performed by federal auditors.



An A-110 audit is also known as a single-audit. This audit eliminates the possibility that an organization would be audited by several federal granting agencies and its own independent public accountants.

The independent public accountant's A-110 report will consist of:

1. An opinion on the statements, the financial statements, notes to the financial statement and supplemental financial schedules. The audit report (opinion page) will be expanded to include the statement that the audit was conducted under Government Accounting Office auditing standards. A "Schedule of Federal Financial Assistance" would be included. This will list the federal grants, the revenue recognized (recorded award), and expenditures by grant. The Office of Inspector General will also devise a schedule of "Findings and Recommendations."

2. Auditor's Reports:

"Auditors' Compliance Report Based on An Examination of General Purpose or Basic Financial Statements Performed in Accordance with the Standards for Audit Issued by the GAO"

"Auditors' Report on Internal Accounting Controls Based Solely on a Study and Evaluation Made as a Part of an Examination of the Basic Financial Statements."

"Auditors' Report on Compliance with Laws and Regulations Related to Non-major Federal Financial Assistance Programs in Circumstances in which the Recipient Received No Major Program Funding."

"Auditors' Report on Internal Controls (Accounting and Administrative) Based on a Study and Evaluation Made as Part of an Examination of the Basic Financial Statements and the Additional Tests Required by the Single Audit Act."

Survey Performed by NEH Office of Inspector General Staff: This survey is a review of a state council's accounting system, management policies, and procedures to determine whether the council can adequately manage and account for project funds in accordance with federal requirements, applicable regulations/terms and conditions of the award letter, NEH guidelines, the Division of State Programs' Procedures Manual, and generally accepted accounting principles. The Audit Office concentrates on compliance matters and management improvement. Therefore, some of its recommendations would not be made by a council's Independent Public Accountant unless they specifically contracted for a management-type audit.

Audit Requirements of OMB Circular A - 110: Attachment F of the Circular contains the requirement that an audit examination be conducted no less frequently than every two years. Section (h) of attachment F states in part:

These examinations are intended to ascertain the effectiveness of the financial management systems and internal procedures that have been established to meet the terms and conditions of the agreements. It is not intended that each agreement awarded to the recipient be examined. Generally, examinations should be conducted on an organization-wide basis to test the fiscal integrity of financial transactions, as well as compliance with the terms and conditions of the federal grants and other agreements. Such tests would include an appropriate sampling of Federal agreements.

Audits conducted under OMB Circular A-110 do not lessen the overall responsibilities of the Endowment. However, the results of a non-federal A-110 audit will be accepted in lieu of an Endowment audit or survey. If additional audit effort is necessary, it will not be duplicative, but will build upon the results of the A-110 audit.

Audit working papers for federal awards are to be retained for three years after the submission of the audit report to NEH.

It is the Office of Inspector General's opinion that the basic financial statements should be audited every two years, covering both years. A humanities council should ask their Independent Public Accountant for estimates on the various possibilities to determine the most cost-efficient strategy.

NEH Office of Inspector General Office Responsibility of A-110 Audits by IPAs -

The Office of Inspector General would be required, as a minimum, to perform a desk review of all OMB Circular A-110 audits. Several audits would be selected annually for an on-site review of the Independent Public Accountant's working papers. If the IPA has had a peer review by a recognized national or state accounting organization, then we would not select that Independent Public Accountant for an on-site review if we were provided with the peer review report.

The humanities council should have in its agreement with the Independent Public Accountant a statement that the NEH Audit Office may conduct an on-site review of their work papers or may conduct a desk review which would require them to submit copies of certain sections of their work papers. This generally would be the internal control section (questionnaire, checklist, flow chart, etc.) and the audit program.

Selection of an Auditor: The humanities councils should obtain written proposals from several Independent Public Accountants. The IPAs should describe their understanding of past programs, experience in performing OMB Circulars A-110 and/or A-102 audits, the background of the personnel responsible for the audit, and an overall qualification statement of the firm. You may wish to question them, for example, about the range of their non-profit experience.

The Independent Public Accountant should provide the council with the estimated hours for a financial statement audit, the additional hours for the A-110 component, and the availability for consultation during the year (other than the audit).

Reducing Audit Fees: If you request bids you may obtain a wide range of proposed fees for the "same" audit. Therefore, it is important to know the expected hours for the audit and the hourly rate. If three Independent Public Accountants expect to take 150 hours and then one lists 100 hours, we recommend that you inquire of the latter.

Many non-profits do receive reduction in hourly rates for IPAs, ordinarily for three reasons. First, they are interested in the services of the organization; second, they expect referral business from the board of directors; and third, the non-profit fiscal year ends at a slow time for the IPA and they welcome the work (usually, these are June 30th year-ends).

A humanities council should inform the IPA that the council's staff would be willing (they must be able, also) to prepare as many schedules as possible. The more work you perform, the less time needed by the Independent Public Accountant.

The NEH Office of Inspector General will be available to provide the Independent Public Accountant with guidelines, audit programs, etc., and will be available to consult with council staff and the IPAs.

## MAJOR FINDINGS AND RECOMMENDATIONS

Note: These findings are for a hypothetical "Council," but also reflect a range of findings uncovered during the Audit Office's work with humanities councils over the past several years.

### Finding: Accounting Improvements Needed for Gifts

Subsidiary gift records that account for gifts awaiting certification and those approved by NEH were not reconciled monthly with the Council's general ledger. Also, the Council did not segregate the recording of gift payments (non-federal funds) from matching payments (federal funds) in the regrant expense accounts or regrant subsidiary ledgers. This procedure created a control deficiency in monitoring gift funds. To improve control over gift funds, the Council should utilize: (1) a gift certification journal; and (2) two general ledger accounts, one to record gifts awaiting NEH acceptance and the other for gifts approved, including a notation of their subsequent distribution. Federal matching funds should be segregated from non-federal funds in recording payment in the Council's accounting records.

Instituting the use of a gift certification journal and a general ledger control account for monthly reconciliation will provide the Council with: (1) financial management information on gifts awaiting certification on NEH approval, and (2) a method to determine whether any gifts were omitted from the certification journal. The journal should identify receipt date, donor, reporting category, project number, amount received, certification amount, date, and remaining balance.

Gifts approved by NEH or those matched by the Council should be transferred from the journal to a distribution account. Only gifts awaiting certification or NEH approval should be shown in the journal and the control account should be reconciled monthly. The second account (gift distribution) and the supplemental subsidiary ledger will provide management with the tools to determine that all gifts certified and approved under the NEH grant were expensed prior to closing the grant.

To improve control over the payment of non-federal funds associated with regrants and reporting of both those payments and federal funds on the annual "Financial Status Report," the Council should segregate in their accounting records all payments of gift funds from federal funds.

### Recommendations

The Council should:

- institute the use of a gift certification journal to control gifts awaiting certification to and approval from NEH;

- establish an account in the general ledger that can be reconciled on a monthly basis to the certification journal;

- establish an account in the general ledger for gifts to be returned to grantees; and

segregate the recording of gifts from federal matching fund payments to grantees.

Reference Source: NEH Accounting System Manual

**Finding: Improvements Needed to the Regrant Subsidiary Control Ledgers**

For this Council, the regrant subsidiary control ledgers were inadequate for monitoring and controlling the Council's regrant programs. The ledgers were made up of individual printouts, one for each open regrant, but did not: (1) segregate the payments of federal matching funds; (2) provide dates to indicate the regrant period; and (3) provide sum totals (obligated, disbursed, amount owed, credits, and cost sharing) that could be reconciled monthly to the general ledger. Also the Council deleted all closed regrants from its subsidiary ledgers to save on the monthly processing costs.

The Council should revise its regrant subsidiary control ledger to provide for the additional information needed to properly monitor its regrant programs, regrant award and closing date, segregation of federal and non-federal regrant payments, and sum totals for amounts obligated, disbursed, balance owed, credits, and grantee cost sharing.

**Recommendation**

The Council should:

revise its regrant subsidiary control ledger to provide for the additional information needed to monitor its regrant program, including regrant award and closing dates; separation of federal and non-federal payments; and sum totals of all regrant obligations, disbursements, amounts owed, credits, and cost sharing.

reconcile the regrant control ledger monthly to the general ledger totals for federal regrant funds and non-federal regrant funds obligated and disbursed.

**Finding: Regrant Control Book**

The Council used its regrant control book to control funds obligated and credits but the book had several deficiencies. The Council did not segregate awards by sources of funds when obligations were recorded in the control book. In this case, the Council awarded three sources of funds: (1) NEH; (2) the state; and (3) the private sector. The Council recorded matching contingency awards as a firm obligation prior to NEH approval of the gifts; did not always identify supplemental awards as supplemental; did not show total funds obligated per board meeting, and did not maintain current cumulative balances for obligated and unobligated grant funds.

### Recommendation

The Council should:

improve the maintenance of its regrant control ledger through correction of the deficiencies noted above.

### Finding: Subsidiary Control Ledger for Regrant Payment

In this instance, the accounting system used by the University and the controls instituted by the Council to verify the expenses recorded on the monthly expenditure reports (AMO-#) were adequate to control the expenditure of federal funds. Still, upon closer examination, the Council recognized that overall regrant financial management could be improved if the Council developed a subsidiary control ledger through use of its in-house computer. The Council could then use the ledger to track payment by regrant and verify monthly AMO-# reports. Under its system, the Council produced the AMO-# report but did not show payments by regrant. However, these "cover sheets" could not readily be used to reconcile the total expenditures reported monthly by the University accountants.

By having this information in their own computer data base, the Council could access the files to produce some of the internal reports needed: the list of grants completed, open obligations, all grants awarded and final costs. It could also perform a data sort for gifts and matching, among other uses. The Council should also give consideration, if possible, to incorporating the regrant control ledger (obligations) with the subsidiary regrant payment ledger. The benefits of this approach would be to allow the Council the capability to match liabilities and regrant obligations with payment information as well as providing the availability of unused regrant funds for contingent awards.

### Recommendation

The Council should:

develop an automated subsidiary control ledger, using their in-house computer to monitor and track regrant payments; and

determine if the computer has sufficient memory to automate and combine the regrant control ledger with the payment ledger. This would improve the overall grants management by providing a means of monitoring and matching liabilities (obligations) with regrant payments.

### Finding: Accounting for Regrant Obligations and Expenditures

To avoid having to return unused credits (unexpended regrant funds originally obligated), the Council pooled/comingled both the obligations (liabilities) and liquidations (expenditures) from the three NEH grants. Control records were not maintained that would: (1) match liquidating payments to incurred obligations; (2) provide for control totals to ensure against overobligating federal funds for regrants; and (3) summarize credits (regrantee obligations not used) received to

determine that they were used in the allowable NEH grant obligation period.

The Council had maintained but not reconciled by grant to the general ledger subsidiary accounting records for regrants and individual worksheets (check distribution) indicating the use of federal funds maintained. It had closed out the NEH grants when all federal funds were exhausted. The Council had used funds from the current NEH grant to complete unliquidated regrants awarded from prior NEH grants. As of August 31, 1985, the point when funds from SO—82 were exhausted, the Council transferred \$60,000 in (unliquidated) obligations awarded during the Council's 1982, 1983, 1984 fiscal years and early in its 1985 fiscal year. The NEH award letter for SO—85 stated: "Expenditures on this grant must not be incurred prior to November 1, 1984." The Council incurred the liability for the \$60,000 prior to that date. In accounting for federal funds awarded for regrants, the Council must be able to match obligations incurred under each NEH grant with the liquidation. Funds awarded by NEH are restricted because they must be obligated by the dates stated in the award or amendment documents or returned to the Endowment. Due to time limitations, the NEH Audit Office did not determine the dollar amount of credits applicable to any NEH grant; therefore, it was not in a position to determine if credits were obligated in the proper period.

In an accounting system that indicates cost by fund (grants), the Council will be able to tell: (1) what regrants were awarded from each NEH grant; and (2) that credits received from regrants were used in the allotted obligation period as indicated by NEH in the grant amendment letters.

To facilitate adherence to the limitation for matching obligations to liquidation, the Council should institute "fund accounting" for regrants. For each NEH award, the Council should devise: (1) a separate regrant payable account; and (2) a regrant control record to disclose all regrants awarded. As the Council awards regrants, the liability would be set up in the regrant payable account. As payments were made, the liability would be reduced. The regrant control record would be used to control funds obligated: (1) by individual regrants; (2) by totals per Council board meeting and by NEH grant; (3) by total payments made per regrant; and (4) by any credits or regrant funds deobligated and available for awards. Instituting these changes would improve the Council's financial control over its regrant program. The records would provide the Council a report on the availability of funds for regrant awards, with information on open obligations, and with a record of final costs for regrants completed.

#### Recommendation

The Council should:

discontinue the practice of pooling/comingling regrant obligations for several NEH grants and using current grant funds to pay for prior grant obligations;

institute the use of fund accounting for regrants which: (1) uses a separate regrant payable account for each NEH award; (2) institutes the use of a regrant control record to disclose individual regrant obligations, payments, and credits (for awards under an NEH grant); and (3) prepares a list of regrants showing total amounts paid to grantees at the completion of each NEH grant; and

establish procedures wherein they deobligated regrant funds applicable to the prior NEH grant(s) and reobligated the funds on the current NEH grant. This would be accomplished by: (1) issuing new regrant numbers to the old regrants; and (2) preparing journal entries reflecting the deobligations and subsequent reobligations as regrants are transferred to the new NEH grant. **Caution: Both grants must be open for obligation.**

Finding: Gift Certification Log

The Council did not utilize a gift certification log (holding account) to identify gifts awaiting certification. Without the log, it was difficult to determine: (1) when a gift was certified; (2) if there had been a partial certification of a gift; and (3) which gifts were received and not certified. A review of the Council's records revealed that gifts received between November and December 1982 were certified twice, once during December 1982 and again in July 1983. The Council later found the error and corrected it.

An improved gift certification log would enhance the Council's control over gifts awaiting certification. The revamped log should identify receipt date, donor and reporting category, project number, amount received, gift certification date, and amount certified. In addition, the Council's general ledger should provide for the total amount of gifts awaiting certification, gift income, and gifts payable.

Recommendation

The Council should:

institute the use of a gift certification log to control gifts awaiting certification to and approval from NEH; and

establish accounts in the general ledger that can be reconciled on a monthly basis to the certification log.

Finding: Matching Awards

The NEH Office of Inspector General's review of gift and matching awards made by examination of the Council's guidelines, award letters, or the grant agreement document received by the grantees indicated that the matching awards were contingent on the availability of funds at NEH.

The NEH Audit Office also noted that the Council had made matching payments to



regrantees prior to receiving NEH approval of the certification. Under this practice, the Council was: (1) committing indefinite funds that might not be available when the certifications are forwarded to NEH; and (2) opened itself to the possibility that the Endowment would not accept a given certification; in effect, acting in anticipation of Endowment approval.

In practice, matching awards are conditional and made with the understanding that there are sufficient Treasury funds available when the gifts are certified. With the limited amount of Treasury funds available to NEH in any fiscal year and the demand for these funds increasing, certification of gifts should be done as early as possible to avoid the potential loss of funds.

### Recommendation

The Council should:

include in its guidelines and award letter the statement that any offer of matching is contingent upon availability of funds from NEH at the time that the gifts are certified;

discontinue the practice of advancing indefinite funds to regrantees based on anticipated approval of the certification; and

certify gifts as early as possible to ensure that matching funds are available to pay regrantees.

Reference: NEH Treasury Matching Fund Guidelines; Division of State Programs Procedures Manual, section entitled "Cost Share and Gifts-and-Matching Authorization."

### Finding: Improvements Needed in Controlling Gift Funds

The Council needed to improve its control over gifts awaiting certification as well as gifts used to release Treasury Matching funds. Subsidiary gift ledgers and control accounts were not maintained that could provide management with the information needed to monitor and control the gift-and-matching program. The NEH Office of Inspector General's review of NEH grants SO—84 and SO—86 revealed that the Council's accounting records did not always: (1) identify all certified gifts to be used for administration, and (2) provide documentation on the amount of non-federal funds transferred from savings to checking. To improve control over gift funds, the Council should utilize: (1) a gift certification journal, and (2) three general ledger accounts - one to record gifts awaiting certification, an income account for gifts matched by NEH (the Council could have two income accounts—one for administration and the other for regrants), and a transfer account used to record gifts transferred from savings to checking.

Instituting the use of a gift certification journal and general ledger control account with monthly reconciliations would provide the Council with: (1) financial management information on gifts awaiting certification and NEH notification of Treasury match, and (2) a method to determine whether any gifts were omitted from the gift certification journal. The journal should

identify receipt date, donor, donor reporting category, project number, amount received, certification amount, category, project number, certification amount, date, and remaining balance. Gifts matched by NEH or those matched by the Council would be transferred from the journal to an income account. Only gifts awaiting certification or NEH's "Official Notice of Action" that the gifts have been matched would be shown in the journal and the control account. The journal and control account should be reconciled monthly. The gift income accounts (recording of certified gifts) and the supplemental subsidiary ledger as well as the transfer account used to accumulate gifts transferred would provide management with the tools to determine that all gifts certified and approved under an NEH grant were expensed prior to closing the grant.

To improve control over the payment of non-federal funds associated with regrants and reporting of those payments and federal funds on the annual "Financial Status Report," the Council should segregate all payments of gift funds from federal funds in their accounting records.

#### Recommendation

The Council should:

institute the use of a gift certification journal to control gifts awaiting certification to or notification of matching from NEH;

establish an account in the general ledger that can be reconciled on a monthly basis to the certification journal;

establish accounts in the general ledger that indicate what remains can be returned to grantees as well as what gifts can be transferred from saving for disbursement; and

segregate the recording of gifts from federal matching fund payments to grantees.

Reference: NEH Accounting System Manual

#### Finding: Improvement Needed for Monitoring the Regrant Program

The Council needed to revise its regrant commitment journal to provide information (1) on regrants awarded under more than one NEH grant; (2) on award dates and regrant periods; (3) on the identification of the amount of federal and non-federal funds to be obligated and disbursed to the grantees; and (4) on credit accounts deobligated.

The NEH Office of Inspector General's review revealed that while the subsidiary regrant payable ledger identified the amounts awarded by regrant, it did not identify split awards or transfers of obligations from one NEH grant to another. We also found that the regrant numbering sequence used by the Council did not provide for identification of the NEH grant by which the regrants had been funded. Management could improve its control over the regrant program and

reduce the need to transfer undisbursed obligations by (1) revising the regrant commitment journal to provide the needed information on individual regrant obligations and credits; (2) identifying sources in the regrant payable ledger; and (3) referencing the individual regrant number to the NEH funding grant to assure that obligations and expenses are recorded in the proper grant accounts. The regrant commitment journal should provide a method for recording the monthly sum total amounts obligated, including federal and non-federal funds as well as credits that can be reconciled monthly to the general ledger control accounts.

#### Recommendation

The Council should:

revise the regrant commitment journal to provide for recording the regrant award dates, actual amounts of federal and non-federal funds awarded under the NEH grant and identify those regrants funded from more than one NEH grant;

reconcile monthly the sum totals for federal and non-federal regrant funds obligated to the general ledger control accounts; and

modify the regrant numbering system to provide an audit trail to the NEH funding grant.

Reference: NEH Accounting System Manual

#### Finding: Monthly Reconciliations of Regrant Award Information

The Council should reconcile the information in the regrant management system to the general ledger control accounts monthly (preferably) but at least quarterly. During 1987, the Council instituted "Revelation" software to monitor its regrant program. The system provides information on regrants awarded and on gifts associated with regrants. To ensure that all the information pertaining to regrant awards, amendments, and credits has been entered into both the regrant management system and the accounting system, a reconciliation should be performed.

#### Recommendation

The Council should:

reconcile the information in the regrant management system to the accounting system monthly or at least quarterly.

#### Finding: Supplemental Records for Gifts and Match

Gifts and matching funds for the gifts certified to NEH are not recorded on the books until received and disbursed under the cash basis of accounting.

The Council has no adequate accounting: (1) for gifts to be certified versus those that are not going to be certified to NEH; (2) for matching funds expected to be received from NEH, and (3) for the liability for payment to grantees for the grantee share of the matching funds that are received from NEH.

In addition, the Council does not have a central control record for the financial management of gifts including names of donors, donor category, allocation of the gift and match to administration of grant budgets, and the dates gifts were received or certified to the Council by grantees, certified by the Council to NEH, and subsequently matched.

A gift-and-match journal is needed in order that the Council can compare gifts certified to the NEH with the matching authorization in the grant, determine the amount of anticipated match from NEH and its obligations for payment for matching funds to grantees, record the allocation of gift and match to the grant budget categories, and facilitate management of the gift and match program.

#### Recommendation

The Council should:

institute a gift-and-match spread sheet or gift certification journal for each NEH grant that provides needed supplemental accounting information concerning gift-and-match transactions and related financial management information which would include: (1) name of donor, (2) amount of gift, (3) date received or date certified by the grantee to the Council, (4) donor classification, (5) amounts restricted vs. unrestricted, (6) date certified by the Council to NEH and amount, (7) date matched by NEH and amount, and (8) the collection of the gift-and-match to administration, grants, and the grantee's share of match.

Reference: NEH Accounting System Manual; OMB Circular A-110, Attachment F, Paragraph 2.

#### Finding: Gift Procedures and Required Documents for Grantees

The grant award package did not include grantee administrative procedures for gifts and a sample donor letter, and the Council's written policies and procedures concerning gift administration were not current. Established practice is that the grantee receives the gift(s). The project director then certifies the gifts to the Council and is required to provide the Council with copies of supporting donor letter(s) and check(s). This conflicted with the Council's written "Gift and Matching Procedures" which state that the donor check(s) are to be made payable to the Council. Council staff informed us that these written procedures which addressed the administration of gifts by the Council and have a bearing on grantee procedures and documents have not been updated since 1984 and do not reflect current practice.

### Recommendation

The Council should:

include procedures concerning gifts in the regrant award package stressing that the donor's "... letter should contain the following information: the names of the donors and recipient, the amount of the gift that is being conveyed, and whether or not all or a portion of the gift is given for a specific purpose or may be used at the discretion of the Council or the regrantee;" and

update the Council's written policies and procedures, adding that the Council is to review for conformity with NEH Guidelines.

Reference: NEH Matching Guidelines for State Humanities Councils. April 1988. Documentation of Gifts: 5-6.

### Finding: Recipient Overdue Refunds and Final Reports

The Council had difficulty obtaining refunds and final reports from grantees to the extent that the Council was forced to submit reports to NEH late or to file them on time and subsequently revise them.

### Recommendation

The Council should:

add a requirement to the regrant documents that changes in a regrant period must be requested by the regrantee in writing and approved by the Council in writing;

establish a list of ineligible grantees;

inform grantees in advance that they will be placed on the list of ineligible grantees and will receive no further awards if reports and/or refunds are not submitted; and

inform grantees and follow through when necessary that non-submission of final financial reports will result in an audit and that non-payment or refunds due the Council will result in referral to a collection agency.

### Finding: Reopening of Grant SO—80

The Council improperly filed the final "Financial Status Report" (FSR) for NEH grant SO—80. The Council filed the FSR on June 12, 1985, 132 days after the January 31, 1985 grant completion date. At the time of the NEH Office of Inspector General's review, October 1986, the Council's accounting records showed a total of \$20,000 of cash on hand for the above grant. Six grants funded under SO—80 remained open, with \$16,000 owed to grantees, and the

balance of \$4,000 returned to NEH. Prior to filing the final FSR, the Council contacted all regrantees, then in an "open" status, to determine how much of the undisbursed grant funds (federal and non-federal) would be needed to complete their individual projects. Using this information, the Council prepared the final FSR for submission to NEH. At the time the final FSR was submitted, June 1985, there were 17 open regrants with \$42,000 of undisbursed funds on hand. The Council should have requested an extension from NEH allowing it enough time to close out the remaining regrants.

In the future, the Council should avoid closing a NEH grant when there are unliquidated liabilities remaining on their accounting records. Submission of the final FSR indicates that all funds associated with the grant have been disbursed or returned to NEH and that projects funded under the grant have been closed out. Expenses incurred by the Council after the grant has been closed are considered unallowable.

#### Recommendation

The Council should:

- revise the regrant payment log to provide for the type of funds (federal or non-federal) being paid to the grantee;

- compare the total federal funds and total non-federal funds recorded on the regrant payment log to those reported on the subsidiary regrant control report; and

- complete all sections of the regrant payment log, i.e., gifts received, gifts applied to regrant, donor names, authorized matching, and the evaluator.

#### Finding: Regrant Program Management

To improve management of its regrant program further, the Council, without altering the current information provided, should revise the subsidiary "Regrant Control Report" to provide for recording the actual obligations. This could be done by adding an additional column to the report. The new column would show the actual obligation amount. The summary total of the new column should not be more than the actual NEH award, plus any of the Council's own funds designated for regrants.

#### Recommendation

The Council should:

- provide a system which reports actual obligations for individual regrants completed at an amount lower than the original award; and

- provide a system so that the total obligation amount can be reconciled monthly to a regrant awards amount in the supplemental ledger produced for the Council by its accountant.

Finding: Regrant Payment Log

The regrant payment log used by the Council to monitor payments to grantees should be revised to provide for identification of federal or non-federal funds being paid. We found instances where the Council recorded the payment of non-federal gift funds in the general ledger as federal funds. If the payment log included the type of funds either by recording the account number or the word "gift" or "federal," detection or posting of coding errors would be enhanced. The NEH Audit Office also noticed that the Council had not always completed the logs nor had it recorded information on gifts received and authorized matching. Including the gift information on the payment log provided the Council with the amount of non-federal funds available for payment.

Recommendation

The Council should:

report actual expenditures on the final FSR;

in the future, request that the NEH grant period be extended when there are regrants that have not been closed; and

make a concerted effort to close out inactive regrants.

Finding: Subsidiary Regrant Control Report

The subsidiary regrant control report did not readily provide the Council with an accurate total obligation amount. The report showed an obligation amount in excess of the NEH award amount for regrants. This occurred because the Council did not revise the individual amounts awarded when regrants are closed out for amounts lower than awarded. The Council added additional regrants awarded using the credits (unexpended regrant funds originally obligated) to the total obligations shown on the report. The Council indicated that they use the original award amount and payment accounts to evaluate future proposals from individual organizations.

## VII: INSURANCE

The most concise information on insurance coverage carried by NEH for state programs has become available through a letter to the Pennsylvania Humanities Council from the insurance firm of Marsh & McLennan, Incorporated, whom the Council queried regarding NEH policy.

Marsh & McLennan responded on General Liability Policy G10849718 which was issued to NEH-funded state humanities councils. They determined that the Pennsylvania Humanities Council was insured under this policy for the following coverages:

Bodily injury—\$300,000 each occurrence/\$300,000 aggregate

Property damage—\$100,000 each occurrence/\$100,000 aggregate

Personal injury—\$300,000 each occurrence/\$300,000 aggregate

The firm also noted that NEH has an Umbrella Liability Policy which provides \$5,000,000 each occurrence/\$5,000,000 aggregate. This policy would come into effect on claims over and above the limits provided on the General Liability Policy. In its letter, reproduced in Appendix VII, the firm also explained the terms used in connection with these coverages.

Copies of the General Liability and Umbrella Liability policies may also be found in Appendix VII.



Calendar: 1989-1990

Beginning of the Fiscal Year	October 1
Submission of State and Regional Exemplary Awards	October 6
Beginning of the Funding Cycle	November 1
National Council Meeting	November 6-7
Annual Meeting, Federation of State Humanities Councils	October 27-29
National Council Meeting	February 8-9
Orientation Conference: East	March 9-11
Orientation Conference: West	March 23-25
Submission of Biennial Proposals, includes compliance plans	April 6
Chairs' and Executive Directors' Meeting	April 20-21
Jefferson Lecture	May 2
National Council Meeting	May 3-4
Submission of Interim Progress Reports, includes compliance plans	June 8
National Council Meeting	August 9-10
Deadline for Receipt of Gift-and-Matching Certifications	September 1
End of the Fiscal Year	September 30
End of the Funding Cycle	October 31

NEH: Program and Telephone Listings  
Area Code: 202

**Division of State Programs**

Director: Marjorie A. Berlincourt 786-0254

**Division of Education Programs**

Director: James Herbert 786-0373

**Division of Fellowships and Seminars**

Director: Guinevere L. Griest 786-0458

**Division of General Programs**

Director: Donald Gibson 786-0267

**Division of Research**

Director: Richard Ekman 786-0200

**Office of Challenge Grants**

Director: Harold Cannon 786-0371

**Office of Preservation**

Senior Officer: George Farr 786-0570

**Accounting Office**

Accounting Officer: D. Ray Gleason 786-0334

**ADP Systems**

Director: William J. Kinsella 786-0399

**Audit Office**

Audit Officer: Sheldon L. Bernstein 786-0350

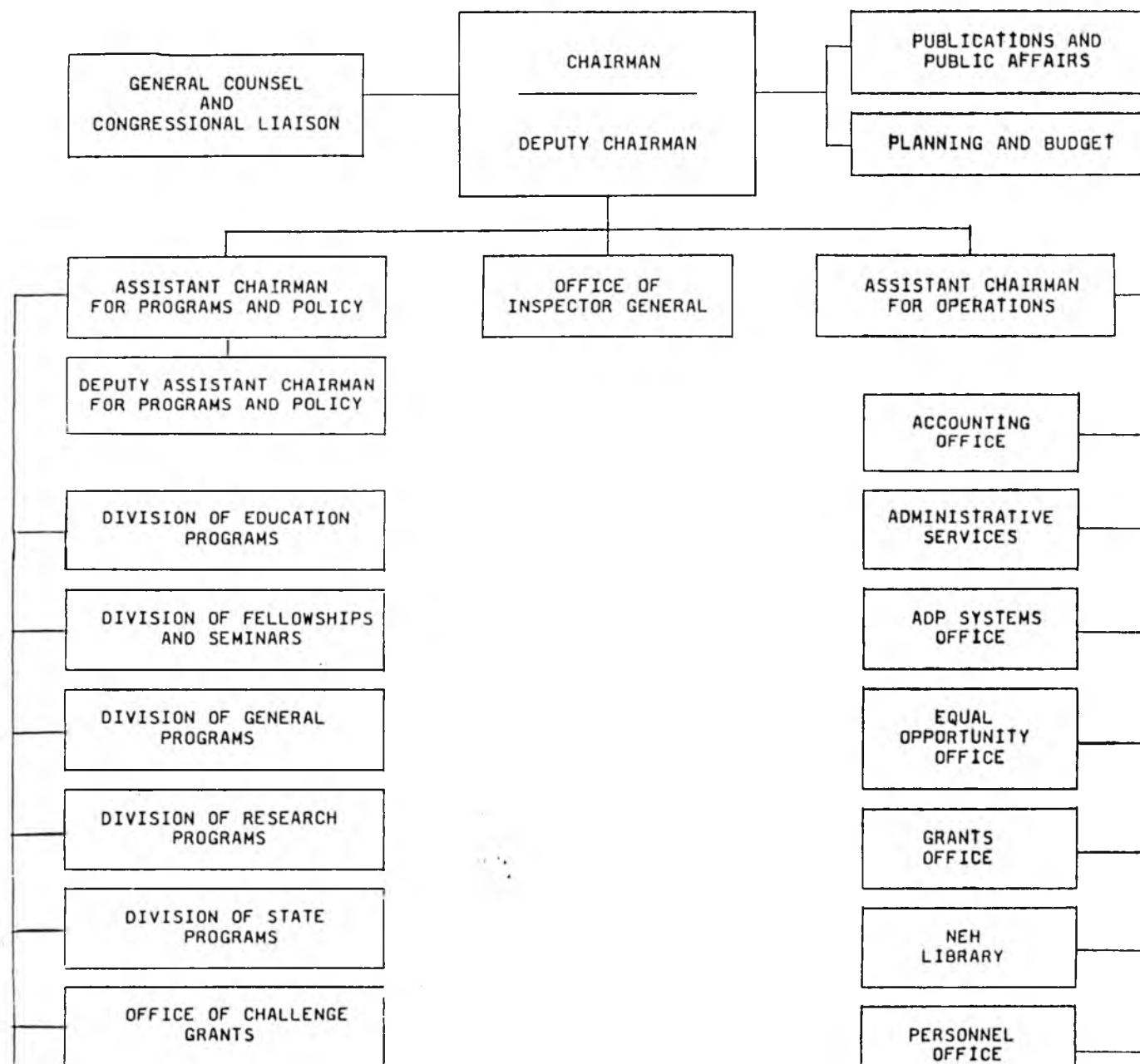
**Grants Office**

Director: David J. Wallace 786-0494  
Grants Administrator: Robert Anderson 786-0015

**Office of Publication and Public Affairs**

Director: Marguerite Sullivan 786-0446  
Assistant Director for Media Relations: Noel Milan 786-0049  
Public Information Officer: Joy Evans 786-0556

NATIONAL ENDOWMENT FOR THE HUMANITIES



I-C

III-B: Sample Public Meeting Material

NEWS RELEASE  
FM: HENRY HIRSCHBIEL  
573-4410

FOR IMMEDIATE RELEASE    October 18, 1986

#### HUMANITIES FORUM ANNOUNCES OPEN MEETING

On November 21, the Delaware Humanities Forum will hold an open meeting to solicit public comments and suggestions on its programming. The meeting will take place in Dover at Wesley College from 3 pm to 6 pm on Friday, November 21.

At the meeting, the Forum will provide information on its statewide humanities program and solicit comments on its program from the public. The Forum will also present its plans for future programming and invite the public to contribute suggestions and ideas for humanities programs. Forum staff will be available to discuss your plans.

In particular, the Forum is interested in program ideas which focus on the Bicentennial of the U.S. Constitution and on the theme, "Heroes, Heroines, and the Heroic: Changing Perspectives." This theme will figure in the Forum's programming plans in 1987 and 1988.

Anyone interested in attending the meeting is urged to write or call the Forum office for details. The Delaware Humanities Forum is located at 2600 Pennsylvania Avenue, Wilmington, Delaware 19806; 573-4410

The Delaware Humanities Forum is an independent, non-profit Delaware corporation devoted to public humanities education. Supported by the National Endowment for the Humanities and by private and corporate contributions, the Forum is governed by a volunteer Council of Delawareans who meet regularly to determine policy and award grant funds. Any non-profit group in Delaware is eligible to apply for support for humanities activities from the Forum.

# GRANT-WRITING WORKSHOP and PUBLIC MEETING

**TUESDAY, JANUARY 20, 1987**

**Workshop: 2:30 p.m., Meeting: 4:30 p.m.**

**DOUGHERTY COUNTY PUBLIC LIBRARY  
300 Pine Avenue, Albany, Georgia**

During the workshop, representatives of the Georgia Endowment for the Humanities will discuss the planning of public humanities programs and the preparation of applications by non-profit organizations for grants from GEH.

At the meeting, members of GEH's staff and board of directors will present GEH's statewide plan for fostering an understanding and appreciation of the humanities. Comments and suggestions will be solicited. Prior to the meeting, the Georgia Friends of the Humanities and the Dougherty County Public Library will host a reception.

Please sign up for the workshop by returning the form below to the Georgia Endowment for the Humanities, 1589 Clifton Road, N.E., Emory University, Atlanta, Georgia 30322. The form may also be used to request a copy of the state plan. Those unable to attend the meeting may send written comments to GEH at the same address.

For further information, call Claire McNamee at the Dougherty County Public Library, 912-431-2917, or Robert Bailey at the Georgia Endowment for the Humanities, 404-727-7500.

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\_\_\_\_ Please sign me up for the workshop on January 20, 1987.

\_\_\_\_ Please send me a copy of the GEH state plan.

\_\_\_\_\_  
NAME

\_\_\_\_\_  
STREET ADDRESS

\_\_\_\_\_  
CITY, STATE, ZIP

\_\_\_\_\_  
TELEPHONE

\_\_\_\_\_  
ORGANIZATION

Clip and return to the Georgia Endowment for the Humanities,  
1589 Clifton Road, N.E., Emory University, Atlanta, Georgia 30322



# NEWS RELEASE

FOR IMMEDIATE RELEASE

Nebraska Committee for the Humanities  
Affiliate of the National Endowment for the Humanities

January 7, 1988

The Nebraska Committee for the Humanities will hold a public meeting Friday, January 22, at the Museum of Nebraska Art in Kearney, from 1 to 5.

The public is invited to attend and make recommendations to the NCH about the Committee's future activities and to talk with representatives from museums, libraries, and educational institutions about how Nebraska organizations can cooperate to enhance the cultural life of the state.

The program for the meeting includes:

Panel on Educational Institutions

Betty Becker-Theye, Dean of Humanities, Kearney State College  
Jerry Neff, Superintendent, Medicine Valley Public School

Panel on Historical Societies and Museums

Jim Hanson, Director, Nebraska State Historical Society  
Steve Holen, Director, Dawson County Historical Society

Panel on Libraries and Media Circulation

Dick Allen, Executive Director, Nebraska Library Commission  
Dee Yost, Assistant Director, Hastings Public Library

Round Table Discussion

Jean Doupnik, Emerson Senior Center  
Corinne Pedersen, Broken Bow Chamber of Commerce  
Mark Randall, United Ministries in Higher Education, UNL  
Penny Simonsen-Belgum, Nebraska Farmworkers Association  
Roberta Sward, Cooperative Extension Service

Docents will conduct tours of the Nebraska Art Collection at the conclusion of the meeting.

Reservations to attend the meeting should be made with the NCH at Suite 42

Lincoln Center Building, Lincoln, NE 68508, (402) 474-2131.

Suite 422 Lincoln Building

215 Centennial Mall South

# PUBLIC URGED TO ATTEND MEETINGS IN LAWTON, TULSA, OKLAHOMA CITY

In order to gather comments about its statewide program, the Oklahoma Foundation for the Humanities will hold three public meetings in July in Lawton, Oklahoma City and Tulsa.

The meetings are open not only to project directors, sponsors and participants of projects but to the general public, and particularly to people who have attended programs funded by the Foundation and those whose financial contributions support Foundation projects. The Foundation's Board of Trustees and staff want to get responses about the Foundation's grant funding levels, on grant criteria and applications, on the priorities it has set for programming, on its publications and traveling exhibits. The meetings also will be an opportunity to discuss the organization's philosophy and goals with the public.

Currently the Foundation has established program initiatives in the areas of literature, global studies, the Bicentennial of the U.S. Constitution, and Oklahoma's Run of '89. In terms of format, traveling exhibits are being used widely, and lecture/discussion programs on many subjects continue to be central to public humanities programming.

The first meeting will be at the **Lawton Public Library** from 1:30-3:30 p.m. on July 17. The second will be in **Oklahoma City at the Belle Isle Public Library**, Northwest Expressway and Villa, from 1:30 to 3:30 p.m. on July 21, and the third

meeting will be in **Tulsa at Harwelden** (home of the Arts & Humanities Council of Tulsa, 2210 S. Main), from 1:30 to 3:30 p.m. on July 24.

The results of these meetings will be used by the Foundation in its long-range planning efforts this fall.

## COMMENTS REQUESTED

For those of you who are interested in commenting on the Foundation's program but who cannot attend one of the three public meetings scheduled in July, there is an alternative.

Please consider the grant program, funding criteria, areas of emphasis (as mentioned in the article on the public meetings) or any other matter pertaining to the purpose and execution of the Foundation's program that you feel needs attention, then if you will write your comments down and mail them to us, we will include them with the responses we get at the meetings.

Because our intent is to serve the public, the Foundation's board and staff welcome your comments. They will be very helpful in the long-range planning efforts scheduled for the fall.

Address your comments to the Oklahoma Foundation for the Humanities, 2809 N.W. Expressway, Suite 500, Oklahoma City, OK 73112.

## RESOURCE CENTER ADDS PROGRAMS

Following is a list of new programs available from the Oklahoma Humanities Resource Center:

**The Art of Ft. Marion** (Videocassette or Slide-Tape) — A program on the ledger drawings of Plains Indians imprisoned in Florida in the late 1870's, considered to be key elements in the transition from traditional to contemporary Native American art. (Produced to accompany the Exemplary Award Traveling Exhibit "Making Medicine: Ledger Drawings from Ft. Marion".)

**Native American Games** (Slide-Tape, Videocassette available by fall) — A program on the variety, cultural function and survival of traditional games. (Produced to accompany the Exemplary Award Traveling Exhibit "Native American Games".)

**Fascination with Space** (Slide-Tape, Videocassette available

by fall) — A program on 13th and 20th century life, culture and technology. (Produced to accompany the Exemplary Award Traveling Exhibit "Fascination with Space: The 13th and 20th Centuries".)

**Life on Coldwater Creek, 1880-1985** (Slide-Tape) — A story about river settlements in the Oklahoma Panhandle.

**Objects of Adornment** (Videocassette) — A program on the uses and significance of jewelry through the ages.

**The James Fork: A Window to the Past** (Videocassette) — A program on the pre-history and history of the James Fork watershed area of LeFlore County, Oklahoma.

**Like My Fathers Before Me** (Slide-Tape) — A program on the Plains Indian heritage of northwestern Oklahoma.

## TRACKS TO TOUR 3 NEW EXHIBITS

**TRACKS**, the traveling exhibits service administered by the Oklahoma Museums Association and funded by the Foundation, now has three new exhibits available for touring. All three were developed to stimulate interest in and understanding of Africa and its cultures.

"Africa: Cities and Villages" compares and contrasts rural and urban life in Africa. "Nigerian Art" and "Art of Sierra Leone" explore the role of masks and sculptures in the cultures of these regions.

Each exhibit is a panel display of photographs and graphics that may be free-standing or exhibited on a four-by-six foot

table and is accompanied by brochures, a videocassette presentation and teachers' manuals. The exhibits were developed by the Ntu Art Association and funded in part by the Foundation and the National Endowment for the Humanities.

The fee for use of each exhibit is \$25.00; the three exhibits may be displayed together for \$50.00 (hosting institutions pay forward shipping). For more information and to schedule exhibits, contact **TRACKS**, Oklahoma Museums Association, Kirkpatrick Center, 2100 NE 52, Oklahoma City, OK 73111 (405) 424-7757.



## HUMANITIES FORUM AND LUNCHEON

D & P Restaurant — Banquet Room

Colville, Washington

11:30 - 1:30

October 26, 1988

### **THIS FORUM WILL HELP YOU FIND MONEY, EXHIBITS, SPEAKERS, FILMS AND IDEAS IN THE HUMANITIES.**

We want to introduce you to a variety of exhibits and films that we provide at little or no charge. We want to show you how to apply to Washington Commission for the Humanities for funds to support your humanities programs. We want to tell you about our Inquiring Mind Program and the 20 speakers who are available to your group.

Most importantly, we want to know what you think about the humanities. This forum is our opportunity to find out what humanities programs your group or community is interested in. What kinds of speakers and films do you want? What topics interest you? How can we better help you in developing a humanities program? What other service might we offer?

### **THE COMMISSION IS HOSTING THE LUNCHEON FREE OF COST.**

The Commission invites you to the forum and luncheon at no cost. Since we are trying to learn as much as possible about your interests and needs, we invite you to be our guest. However, space is limited to 30 people. Space will be filled on a first come first serve basis.

### **WHO CAN ATTEND THE FORUM?**

Representatives from libraries, museums, historical organizations, business clubs, senior centers, schools and colleges, arts organizations, civic groups, and others who have an interest in humanities programs may attend.

### **THE LUNCH WILL FEATURE A HUMANITIES PROGRAM.**

Inquiring Mind Speaker Gordon Jackson will give a slide presentation. We want to give you a sample of what the Inquiring Mind Forum is like. In his slide show, Dr. Jackson will talk about the differences between the western culture in which he was raised (South Africa) and the one in which he now lives (U.S.A.). The program you will see is both entertaining and thought provoking.

Send this registration form back to: Greg Powell, Washington Commission for the Humanities, 107 Cherry Street, Suite 312, Seattle, WA 98104 (206) 682-1770.  
**Deadline is October 17, 1988.**

Name \_\_\_\_\_ Phone \_\_\_\_\_

Organization \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ Zip \_\_\_\_\_

**EVALUATION**  
**Humanities Luncheon**

**1. Did you know about the Washington Commission for the Humanities before this meeting?**

No . . . . . \_\_\_\_\_  
Yes, through a grant project . . . . . \_\_\_\_\_  
Yes, through the Inquiring Mind Speakers Program . . . . . \_\_\_\_\_  
Yes, through an exhibit . . . . . \_\_\_\_\_  
Yes, as a humanities scholar . . . . . \_\_\_\_\_

Yes, as a Friend of the Humanities . . . . . \_\_\_\_\_  
Yes, through the Commission's media resources . . . . . \_\_\_\_\_  
Yes, as a recipient of Humanities Today . . . . . \_\_\_\_\_  
Other . . . . . \_\_\_\_\_

**2. Before this meeting, what was your perception of the Washington Commission for the Humanities?**

**Did you see it as:**

An organization with an important cause? . . . . . \_\_\_\_\_  
An organization to keep in touch with? . . . . . \_\_\_\_\_  
An organization to apply to for a grant? . . . . . \_\_\_\_\_

An organization that gives money with too much red tape? . . . . . \_\_\_\_\_  
"Just another state agency?" . . . . . \_\_\_\_\_  
An elitist organization for scholars? . . . . . \_\_\_\_\_  
Other . . . . . \_\_\_\_\_

**3. Who is at the center of humanities advocacy in your community?**

Not clear . . . . . \_\_\_\_\_  
A college . . . . . \_\_\_\_\_  
A library . . . . . \_\_\_\_\_  
One or more civic clubs . . . . . \_\_\_\_\_

One or more churches . . . . . \_\_\_\_\_  
A few individuals . . . . . \_\_\_\_\_  
A museum . . . . . \_\_\_\_\_  
A historical society . . . . . \_\_\_\_\_  
A school district . . . . . \_\_\_\_\_  
Other . . . . . \_\_\_\_\_

**4. What role should the Washington Commission for the Humanities play in advocating the Humanities?**

**Should it (rate your top three choices; 1=high):**

Send speakers? . . . . . \_\_\_\_\_  
Fund grants? . . . . . \_\_\_\_\_  
Promote discussion of selected topics, such as local history? . . . . . \_\_\_\_\_

Promote discussion of ethics issues such as ethics in the professions? . . . . . \_\_\_\_\_  
Promote book discussions. \_\_\_\_\_  
Other . . . . . \_\_\_\_\_

**5. How helpful was this workshop?**

Very much . . . . . \_\_\_\_\_  
Somewhat . . . . . \_\_\_\_\_  
Not at all . . . . . \_\_\_\_\_

**COMMENTS:**

# Application

Name \_\_\_\_\_ Institution \_\_\_\_\_

Mailing Address \_\_\_\_\_ Day phone \_\_\_\_\_

\_\_\_\_\_ City/Zip \_\_\_\_\_

1. Number of fulltime teaching/administrative years \_\_\_\_\_

2. Type and level of students taught: \_\_\_\_\_

3. Relevant professional or personal activities in literacy field: \_\_\_\_\_

4. Education

Degree \_\_\_\_\_

Major field of study \_\_\_\_\_

College in which degree was awarded \_\_\_\_\_

Date of degree \_\_\_\_\_

5. Names of two references with their phone:

\_\_\_\_\_  
\_\_\_\_\_

6. Conditions of eligibility:

a. I am employed in a community college and have teaching responsibilities in one or more of the humanities disciplines. ☐

b. I am employed by a literacy organization which works closely with adult education or continuing education of schools and community colleges. ☐

7. Essay is attached.

Signature: \_\_\_\_\_

**Application Deadline is July 1, 1988**

For a conference brochure or more information, contact Greg Powell, WCH, 107 Cherry Street, Suite 312, Seattle, WA 98104 (206) 682-1770.

III-C: Sample Gift Certification Letter

SAMPLE CERTIFICATION LETTER

Address the letter to the Donations Section, Grants Office, Room 310, National Endowment for the Humanities, Washington, D.C. 20506.

I certify that \$\_\_\_\_\_ has been received in the form of a gift(s), which have been donated to \_\_\_\_\_ (state humanities council) and which will be used in support of \_\_\_\_\_ (state council) (NEH grant number) \_\_\_\_\_. These gifts meet the criterial for eligibility established by NEH and will be expended for project purposes during the grant period.

Documentation that substantiates the amounts, sources, and eligibility of the gift(s) will be retained for three years following the submission to NEH of the final financial report for this project.

The funds certified above were provided by a donor(s) in the following category(ies):

Donor Category*	Number of Donors	Amount
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
		Total: \$ _____

Some form of the following sentence must be included in the certification letter when unrestricted gifts or pledges are certified:

The amount certified in this letter includes \$\_\_\_\_\_ in unrestricted gifts/\$\_\_\_\_\_ in pledges and unpaid awards. The documentation required by the Endowment for pledges and unpaid awards is attached.

The matching funds will be used as follows:

Regrants \$ \_\_\_\_\_  
Administration and Services to the Field \$ \_\_\_\_\_

Sincerely yours,

\_\_\_\_\_  
(name and title of executive director or chair)

\*Please use the following numerical designations for donor categories:

1. Individuals
2. Corporations and businesses (including independent, operating, and community foundations)
3. Private and public foundations (including independent, operating, and community foundations)
4. Labor unions and professional associations
5. Nonfederal government units (state, county, municipal)
6. Affiliated groups (alumni/ae, memberships, "Friends")
7. Special events and benefits (use only when gifts raised through this means cannot be readily assigned to any of the above donor categories)
8. Other (specify)

III-D: Sample State Agency Status Letter

NATIONAL ENDOWMENT FOR THE HUMANITIES

WASHINGTON, D.C. 20506



19\_\_

The Honorable Steve Cowper  
Governor  
Pouch A  
Juneau, AK 99811

Dear Governor Cowper:

I am writing to invite your attention to an aspect of the enabling legislation for the National Endowment for the Humanities that calls for a determination and action by each state governor.

As you may already know, the National Endowment for the Humanities is a Federal agency which was established in 1965 to promote progress, scholarship, and public understanding in the humanities. The Endowment created the state humanities program in 1971 to provide funds to citizens' groups in each state to carry out state-wide grantmaking programs for the general public centered in these fields of scholarly inquiry.

The Endowment's authorizing legislation (20 U.S.C. 951 et seq.), as amended in 1985, encourages a strengthened partnership between government and state humanities councils and provides either of two means for strengthening this relationship. You may designate the existing humanities council as a state agency by allocating appropriated state funds or you may appoint up to six members to the governing board of the existing state humanities council.

If you choose to designate the existing humanities council as a state agency, the state must provide from newly appropriated state funds either fifty percent of the council's minimum NEH grant or twenty-five percent of the council's total annual NEH grant, whichever is greater. The governor may then appoint new members to the state council as terms of present members expire. The law requires that the state agency then use its funds to support humanities programs for the public. In order to receive these funds, the state agency would need to prepare a biennial application for funds to be submitted to the State Program of the National Endowment. If you wish to exercise this option for Fiscal Year 1989 (which begins on October 1, 1988), you should submit to NEH, no later than September 1, 1988, a plan for the establishment of the state agency, consistent with the statutory requirements.

If you choose not to exercise the option described above, the private council now in existence in your state will continue to be eligible for NEH funds. We strongly encourage you to appoint members to the council as provided for in the law, that is up to six council members, with the total of your appointments not to exceed twenty-five percent of the council's total membership.

If you wish additional information concerning these matters, please write to Dr. Marjorie A. Berlincourt, Director, Division of State Programs, National Endowment for the Humanities, Room 411, 1100 Pennsylvania Avenue, N.W., Washington, D.C. 20506. Whichever option you choose, I hope you will consider still other ways to support this important work in your state.

Sincerely,

Lynne V. Cheney  
Chairman

cc: Gary Holthaus



Statistics on Panelists - 1989  
Biennial Proposals

I.	Number of states represented:	19
II.	Geographics:	
	North	6
	South	5
	Midwest	4
	Southwest	3
	West	6
III.	Academics: 12	
	Academic Administrators/Disciplines	
	Anthropology	1
	English	4
	History	2
	Philosophy	2
	Scholars/Disciplines	
	English	1
	Foreign Languages	1
	Religious Studies	1
	Public: 12	
	Communications	1
	Libraries	1
	Historical Organizations	2
	Foundations	4
	Public Affairs	1
	State Agency	2
	Writer	1
IV.	First-time Panelists	5
	Former Reviewers/First-time Panelists	6
	Experienced Panelists	13
V.	Former Council Members	13
	Former Staff Members	3

Figures based on 24 panelists.

(3374S)

Statistics on Reviewers - 1989  
Biennial Proposals

I.	Number of states represented:	33
II.	Geographics:	
	North	14
	South	17
	Midwest	10
	Southwest	4
	West	9
III.	Academics: 29	
	Academic Administrators	7
	Scholars/Disciplines	
	Anthropology	2
	American Studies	1
	Classics	1
	English	6
	History	7
	Interdisciplinary	1
	Foreign Languages	3
	Philosophy	2
	Religious Studies	1
	Public: 25	
	Business	2
	Civic Leaders	1
	Communications	1
	Consultant	3
	Federal Agency	1
	High School Teacher	1
	Historical Organizations	2
	Libraries	3
	Media	2
	Museums	4
	Foundations	1
	Professional Organizations	1
	Public Affairs	1
	State Agency	1
IV.	First-Time Reviewers	29
	Experienced Reviewers	25
V.	Former Council Members	34
	Former Staff Members	4

Figures based on 54 reviewers.

(3374S)

Statistics on Panelists and Reviewers - 1989  
Biennial Proposals

I.	Number of states represented:	38
II.	Geographics:	
	North	20
	South	22
	Midwest	14
	Southwest	7
	West	15
III.	Academics: 41	
	Academic Administrators	16
	Scholars/Disciplines	
	Anthropology	2
	American Studies	1
	Classics	1
	English	7
	History	7
	Interdisciplinary	1
	Foreign Languages	2
	Philosophy	2
	Religious Studies	2
	Public: 37	
	Business	2
	Communications	2
	Civic Leaders	1
	Consultant	3
	Federal Agency	1
	Foundations	5
	High School Teacher	1
	Historical Organizations	4
	Libraries	4
	Media	2
	Museums	4
	Public Affairs	2
	Professional Organizations	1
	State Agency	4
	Writer	1
IV.	First-Time Reviewers/Panelists	40
	Experienced Reviewers/Panelists	38
V.	Former Council Members	47
	Former Staff Members	7

Figures based on 24 panelists and 54 reviewers.

(3374S)

NATIONAL ENDOWMENT FOR THE HUMANITIES  
DIVISION OF STATE PROGRAMS

Guidelines for Preparation of Biennial Proposals

INTRODUCTION

The central purpose of state humanities councils, like that of the Endowment, is to support the humanities. The biennial proposal of a state humanities council to the Endowment is the principal planning and management tool for a state council in its support of humanities programs; it is the request and justification for funding from the Endowment; and it is the central document of record for the Endowment and its relationship with a state council.

The proposal narrative should contain four main sections: an analysis of the state and of the role of the humanities council in the state; an assessment of the work of the council during the previous two years; a statement of long-range goals with specific plans for the next two-year period; and a description and justification of the council-conducted project if one is proposed. What is looked for in the review of the proposal are the following:

- o What the council has accomplished in support of humanities projects in the past two years, based on clear, detailed information;
- o What has been learned from the experience of these two years; and
- o Plans and goals for the ensuing two years and how the plans fit into the long-range goals.

The Humanities

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.

It is critical that the councils return again and again in the review and evaluation of any project they support to the fundamental question: Are the humanities central to the project? Projects in the humanities need to be carefully distinguished from those that are primarily in the arts or the social sciences, or those that are essentially humanitarian in intent. Projects must not advocate or promote a particular political, ideological, religious, or partisan point of view. Scholars in the humanities should have a central role in each project and they must participate as scholars, bringing the knowledge and skills of their training, study, and teaching experience to bear upon the subject at hand. The humanities should be evident in guidelines, the catalogue of funded projects, discussion of selected project examples, and in overall discussion of plans for the ensuing two-year period.

### Special Initiatives

A special initiative is an undertaking by the Endowment to encourage proposals in all grant-making categories for projects relating to a specific subject or event. Proposals are currently solicited for the following 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 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.

### Deadline for Application

The deadline for receipt of the biennial proposal is the Friday of the first full week in April. State councils are invited to discuss drafts of their biennial proposals with the program officer assigned to their state and with other members of the division staff in advance of the submission of the final proposal. The staff can provide comment based on their experience with the kinds of questions frequently raised by reviewers and panelists.

### The Review Process

Each state council submits a proposal in alternate years to request funding from the National Endowment for the Humanities for the next two years of program activity. The application is submitted by the chairman of the state council. The proposal is read and evaluated by individual reviewers and panelists selected by the NEH staff. Reviewers and panelists are selected on the basis of several factors, including their knowledge of the humanities, their familiarity with humanities programming for public audiences, and their understanding of the work of state humanities councils. Reviewers are asked to read and prepare a detailed assessment of one or two proposals in accordance with the guidelines provided to the state councils in the application

instructions and to submit their report directly to the Division of State Programs. Simultaneously, the staff of the division assembles three or four panels of five to seven members each. Panelists are asked to read, prepare written comments, and offer preliminary qualitative judgments, in accordance with the published guidelines, on the group of applications sent to them several weeks before the panel is convened at NEH.

Every application is also read by several members of the division staff, including the director. Each panel is chaired by the director of the division with all division staff in attendance. During the panel meetings, each application is discussed in detail by the panel members in order to arrive at individual and collective recommendations; the comments of the outside reviewers are distributed to the panelists after the discussion of each proposal; and the file on a council's previous proposal is available for the panel's consideration. The reviewers' and panelists' recommendations, together with a staff assessment of the state council's program and proposal, are summarized by the staff and forwarded to the National Council on the Humanities. By law, the Chairman of the Endowment makes the final decision on each application, based on the advice of reviewers, panelists, the division staff, and the National Council.

#### Post Review

At the conclusion of the review process, the program officer for a particular state summarizes the evaluations and recommendations of the reviewers, panelists, division staff, and the National Council in a post-review letter. The division sends this letter to a state council to assist the council in reaching its goals for the ensuing two-year period.

#### Criteria for Review of Proposals

In order to arrive at a judgment about the overall quality and effectiveness of the work of a state council, the Endowment asks the reviewers and panelists to evaluate the two integral and complementary aspects of a council's work:

1. the council's funded and initiated projects and programs and
2. the overall operation of the council within the state.

The Endowment believes that programs designed for public audiences should exhibit the following qualities. Although not all these qualities may be present in every project, they serve as benchmarks for assessing public programs in the humanities:

- o The project content is centered in one or more of the humanities disciplines cited in the Endowment's authorizing legislation.
- o Each project is focused on a topic, text, or idea that is analyzed and discussed using the methodologies of the humanities.
- o The methods of the humanities--analysis and interpretation--are evident throughout the program. Scholars are actively involved in the project, drawing upon their analytical, interpretive, and pedagogical skills.

- o Scholars and the general public are involved in serious dialogue that benefits both.
- o Members of the intended audience participate in the planning and implementation of the project as a means of ensuring that topics and formats engage the interest of the participants.

In order to arrive at an assessment of the overall quality and effectiveness of the operation of the state council, the Endowment asks the reviewers and panelists to consider the following:

- o The sense of mission of the council and how its vision of its role is related to its plans and programming;
- o The intellectual quality of the overall program;
- o The focus in funded projects on ideas or objects of study in the humanities, be they written, visual, oral, or cultural artifacts;
- o The central involvement of humanities scholars in all aspects of the council's program;
- o The extent to which the council's program is appropriate to the state's intellectual needs, interests, and resources;
- o The use of a range of disciplines and formats appropriate for the topics and the audience;
- o The effort to reach all geographic areas of the state through its programming;
- o The variety of audience reached, for example, in terms of age, demographics, geography, and education level;
- o The extent to which the council interacts with other educational and cultural institutions in the state; and
- o The ability of the council to conduct meaningful evaluation of its regrants, overall program, and organizational structure and its use of this evaluation for continuing improvement.

These criteria should be kept in mind throughout the preparation of the proposal.

#### General Information on the Review

In assessing the quality of the overall program of a state council, reviewers and panelists are instructed to take into consideration such factors as size, population, resources, and the general nature of the state (for example, proportion of urban to rural population, cultural and financial resources available, etc.). Each proposal is judged on the appropriateness of its overall program for the particular state and the progress the council is making toward intellectual leadership within the state vis-a-vis the resources available. It is expected that an excellent proposal would demonstrate success in all aspects of the council's program and would build upon past

accomplishments in a logical, reasonable, and imaginative manner. To be judged very good, a council's proposal would demonstrate success in many of the above criteria and would show considerable progress in the other areas.

#### Funding

After review and approval of the proposal, funding is awarded for the first year of the two-year plan. (In order to receive funding for the second year, the state council submits an interim report assessing its progress toward the goals set forth in the biennial proposal; this report is reviewed by the staff of the Division of State Programs as well as by the National Council on the Humanities, which makes funding recommendations to the Chairman.) Councils whose proposals receive a satisfactory rating receive the amount of funding established by the congressional funding formula. Funding for programs rated as satisfactory or unsatisfactory may be subject to specific conditions aimed at improving particular aspects of the program. If this should occur, division staff will work closely with the council and its staff so that the council may fulfill these conditions. Councils whose proposals receive a rating of good or higher receive an additional amount of funding based on population distribution, if funds are available.

#### PROPOSAL FORMAT

##### Abstract

The abstract should be typed single-spaced on two pages (see the attached form and the sample); the first page is the NEH application cover sheet, and the second page contains space for a summary of the various sections of the proposal. On the cover sheet the council should provide a brief statement of purpose that explicitly describes how the council envisions its role within the state. The first paragraph of the second page should summarize the analysis of the state. The second paragraph should summarize the activities of the council during the previous two years and should name and briefly describe (in one or two sentences) three to four projects funded during that period. The third paragraph should summarize goals and plans for the next two-year period. A final sentence should describe the council-conducted project if one is proposed. The abstract should be prepared after the proposal itself is in its final form. Please Note: The primary audience for the abstract is the National Council on the Humanities. The abstract should be carefully prepared to present the overview of the state council that most accurately represents its activities and accomplishments within the state.

#### PROPOSAL NARRATIVE

##### 1. Analysis of the State

The narrative should describe and analyze the characteristics of the state that are pertinent to a humanities program and make clear the role and position of the humanities council in relation to other intellectual and



cultural resources in the state. The discussion might include information about demography, socioeconomic structure, current concerns, particular history and character, and the statewide institutional framework within which the council operates. Any recent changes in the state that have been taken into account in the council's program planning should be noted. The key question that must be addressed by the council's proposal is, "What is the most appropriate role for the humanities council in that particular state?" Included in this section should be a short summary of the history of the state council over the past five years, describing major changes in programming and overall operation. The entire proposal will be read in light of this description, for a state council program is evaluated in terms of its effectiveness in using the resources of the state and in identifying and responding to the state's intellectual needs and interests.

## 2. Assessment of Past Program

In this section of the proposal, the council should describe and analyze what it has achieved during the previous two years and how the goals set for the biennium were met. Reviewers are asked to assess this section with particular care, because considerable weight in the review is placed on the following factors: 1) the past accomplishments of the council; 2) the council's ability to analyze and learn from the past; 3) the appropriateness of the program in light of the analysis of the state; 4) its capacity to incorporate what has been learned in the council's plans and programming for the ensuing period; and 5) how the activities of this biennium fit into the long-range plan.

Programming: In analyzing the projects supported or initiated by the council in the past two years, the council should be attentive to the criteria for review of applications on page 3--including such factors as humanities content and intellectual quality; the extent to which a range of formats, disciplines, and audiences is evident; the extent to which scholars and participants were involved in programs; the use of texts (visual, oral, or cultural artifacts and ideas); and evaluation. Programming should also be analyzed by addressing the following considerations:

- o The directions established for programming two years ago; and
- o A thoughtful assessment of the council's success in realizing those directions (supported by specific examples).

The council should provide an overview of its various grantlines for major grants and analyze, not merely describe, one or two projects in each program that illustrate both the purpose of the grantline and the overall work of the council. If the council has an open program, with no specific grantlines, projects that illustrate the various foci of the council's work should be described. (Refer to the page number in the Catalogue of Projects when giving examples.) Council-initiated and council-conducted projects should be analyzed in the same way.

This section on overall programming should make explicit what is working and why. It should be clear from this assessment of the council's programming in the past two years what expectations the council had for each of its grantlines and council-directed projects as well as what was accomplished and learned.

Overall Council Operation: In this section the council should provide an assessment of its overall operation, excluding its support of projects. Although an overview of program development and evaluation activities will be provided on the forms in Appendices A and B (see pages 12-14), the council should feel free to expand upon this information here. The council should focus on the areas of strength it perceives in its activities of the past two years as well as on areas needing improvement. Discussion could center on such aspects of the program as council membership, committee structure, evaluation activities, publications, program development, involvement of the scholarly community, or any other aspect of its operation that has been crucial in the past biennium. (Please notice that the details of the public meetings held should be provided in Appendix C.) It should be clear to readers of the proposal why things did or did not go well and what aspects of the overall program need to be changed. This self-assessment of the past two years, along with the analysis of past programming, should be the explicit basis for the future directions outlined in the next section.

### 3. Future Directions

In this section the council should describe what specific directions it is setting for the ensuing two-year period and how these directions fit into its long-range goals. Based on the preceding analysis of strengths and of areas in need of improvement in the "Assessment of Past Program," as well as on its analysis of the intellectual needs and humanities resources in its state, the council should project its plans for the coming years. The council may want to outline a five-year plan for program activity or to choose a particular theme or topic for the coming years, but any discussion should be based on past experience and should include answers to the "what," "why," and "how" of future goals. If the council has decided to continue its anticipated activities along the same lines as have been established in the past, this decision should be commented upon in the proposal and a rationale provided.

Programming for the future should be described in terms of current programming, with a description of what will be continued, what will be modified, and what the council wants to achieve through its programs. It should be clear to the reader how the council plans to direct its energies and spend its regrant funds in the coming two years, with details included on anticipated requests for proposals, statewide conferences, council-initiated projects, and other methods of allowing the council to play a leading role in the intellectual life of the state. The council should also include information about how it expects its overall operation to be carried out in the next biennium. If changes are anticipated in council membership, committee structure, personnel policies, evaluation procedures, program development activities, or other aspects of its overall program, these changes should be charted and explained. Evaluators are much more interested in substantive outlines of specific programs and directions than in vague generalities of where the council hopes to be in two years; they also want to see future directions explicitly connected to both the council's work of the past two years and the analysis of the state, which forms the framework of the entire proposal. The section on future directions should give evaluators a clear, detailed idea of where the council is heading, why it is heading in that direction, and what the specific gauges of success will be for the ensuing biennium.

#### 4. Council-conducted Project

A council may elect to use up to \$25,000 of its regrant funds to conduct a project of its own design. If a council elects this option, it should present the project in its proposal; and the project must be approved by the Endowment. If it is not approved, funds allocated for it in the council's budget will be available to the council for regranting purposes. A detailed budget for the project should be presented by the council in addition to the total dollar figure included in the budget for the two-year period. The project should be described by the council in no more than five pages. Reviewers and panelists are asked for specific comments on the project. This section of the proposal should address the following issues and questions:

- o Rationale -- Why was the project selected and how does it fit into the council's overall program? Given the current demands on staff and council members' time, will temporary staff be hired? Is it feasible to take on such a project now?
- o Humanities -- What particular disciplines of the humanities are involved in the project? Are they integral to its implementation?
- o Format -- Is the project design logical and workable? If it is a repeat or an extension of a project, a specific assessment of past experience should be provided.
- o Work plan -- What steps will be followed in implementing the project? If a conference is proposed, the proposal should outline the qualifications of scholars and speakers, being as specific as possible. If the success of a conference is heavily dependent on the participation of specific speakers, indication of their commitment is strongly advised.
- o Personnel -- The names, job descriptions, and qualifications of the key personnel. If specific individuals are not in place, the proposal should describe each position and indicate the qualifications of the proposed personnel and how the position will be filled.
- o Audience -- What is the audience for the project and to what extent has it been involved in planning the project? Strategies for attracting the intended audience to participate in the project should be indicated.
- o Evaluation -- What are the mechanisms and criteria for project evaluation? The proposal should state how this evaluation will be used to plan future council activities.
- o Budget -- A separate budget for the council-conducted project should be prepared along with a budget narrative explaining the allocations.

## 5. Budget

A detailed financial plan for the overall operation of the council, outlining the relationship between program administration and grantmaking, must be submitted. The financial plan, an integral part of the proposed program, consists of two parts: (1) an outline, with specific dollar amounts as described on the attached budget sheet, and (2) a narrative in which the major features of the budget and their relationship to the proposed program are explained for both outright and matching funds requested.

### NOTE:

The budget should reflect the council's estimate of the outright and matching funds it will expend during the twelve-month period, including the gifts it intends to raise. Justification for the matching request should focus on the uses to which the gifts and matching funds will be put, the council's strategy for fund raising for the proposed grant period, and the council's fund-raising record.

### Attachments

The following items must be included:

1. Appendix A, giving an overview of program development activities (see form, page 12).
2. Appendix B, giving an overview of evaluation activities (see form, page 13).
3. Appendix C, providing information on the council's compliance with the reauthorization provisions of 1985 (see form, page 15).
4. Council Members and Committee Structure -- A list of the council membership in the following format. (Note that each listing should include name, title or occupation, place of occupation, and city of residence or employment.) The list should be organized in two sections: (a) Humanities/Academic and (b) Public. An asterisk should be placed beside the governor's appointees.

Examples: (a) Academic

Helen Magee  
Professor of History  
Century University  
Miles, Mississippi 97064

(b) Public

\*John Askra  
President, Chamber of Commerce  
Metro Center, Suite #305  
Center, Nebraska 73401

An outline of the council subcommittee structure, highlighting the involvement of council members in the planning and management of council activities, as well as a map showing the communities represented by council members should be included.

5. Council Staff -- A list of council staff members, their titles, and a brief resume of each individual, including a job description, giving the duties of each principal staff person.
6. Copies of printed materials (in the following order):
  - a. A copy of the council's funding guidelines, including a description of each grantline.
  - b. Application forms (where separate from guidelines).
  - c. Sample newsletters.
  - d. Brochures.
  - e. Sample products from projects.
  - f. Additional items as needed, such as news clippings, letters of support, resource center catalogues, etc.
7. Statistical Profile -- This information will be provided by the Endowment and may be directly reproduced. Additional statistical information may be added or corrections made if necessary.
8. Catalogue of Projects -- This information will be provided by the Endowment in advance of the proposal due date. It may be directly reproduced. Councils may want to consider organizing the catalogue by grantlines with an introductory overview of each. Reviewers are asked to read the catalogue carefully; therefore, it is important that each project be accurately presented. The council should be sure to number the pages of the Catalogue of Projects.

#### GENERAL FACTS ABOUT PREPARING A PROPOSAL

The proposal should be written in a clear, concrete, and persuasive manner. Readers regard highly a document infused with the results of the program and project evaluations conducted by the council, in which assertions are substantiated with specific information. Undue repetition and the use of unexplained technical terms and abbreviations should be avoided.

1. The narrative section of the proposal should be double-spaced and should not exceed seventy-five pages. Experience suggests that excessive length does not help a council present its case in the most persuasive light. If the council is proposing to conduct its own humanities project, an additional five pages may be used, exclusive of budget and other attachments.
2. The council's name, the date of submission, and the grant period under consideration should be placed on the front of the proposal.
3. Each proposal should be bound so that no pages will be lost or misplaced in shipping and handling. Three-inch binders should not be used because they cause difficulties in packaging and mailing to panelists and reviewers.
4. Seventeen copies of the proposal should be submitted.
5. Proposals are due at the Endowment on the Friday of the first full week in April in alternate years.

6. All pages, including attachments and the Catalogue of Projects, should be numbered consecutively.
7. The NEH application cover sheet and continuation should be completed and attached to the front of each copy of the proposal.

## PROGRAM DEVELOPMENT

The information requested below should provide a summary of how the council has attempted to encourage interest and participation in its work throughout the state. Please give statistical information on program development activities as follows:

1. Number of grant-writing workshops held in the past two years: \_\_\_\_\_
2. Locations and dates of the workshops as well as attendance at each:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
3. Statewide meetings at which presentations were made (such as the annual meeting of the state association of teachers of English):  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
4. Types and number of institutions reached through these meetings and workshops (from questions #2 and #3; for example, six historical societies):  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
5. Number of staff visits to individual institutions in the past two years: \_\_\_\_\_
6. Does the council publish a newsletter? \_\_\_\_\_  
Title: \_\_\_\_\_  
Number of issues published in the past two years: \_\_\_\_\_
7. What form did the council's "Report to the People" take in the past biennium? Please append a copy.
8. Other program development activities (besides public meetings) undertaken by the council to increase its visibility in the state:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## EVALUATION

Establishing evaluation mechanisms is one of the most difficult tasks a state council faces, particularly because much of what it does is not amenable to quantitative analysis. In order to give an overview of the evaluation procedures established by the council for the review and evaluation of regrants as well as for assessing the overall program, please complete the following form:

## I. Proposal Review and Project Evaluation

## A. Major Grants

1. Number of applications received in the past two years: \_\_\_\_\_  
Number funded: \_\_\_\_\_
2. The system for proposal review (please check all that apply):
  - ☐ a. Reading subcommittee(s) with summary report to full council.
  - ☐ b. Full council reviews all proposals.
  - ☐ c. One or two members serve as "intensive/prime" readers and report to full council; all members read all proposals.
  - ☐ d. Straw poll or "ballot" taken before final vote; proposals considered in order according to poll.
  - ☐ e. Peer/technical review panel for media projects or interpretive exhibitions.
  - ☐ f. Other (please describe): \_\_\_\_\_
3. Evaluation of major grants after funding. (Please check all that are required):
  - ☐ a. Interim narrative report by project director before final funds released.
  - ☐ b. Final narrative report by project director.
  - ☐ c. Reports from participating scholars.
  - ☐ d. Written audience evaluation.
  - ☐ e. Written outside evaluation.
  - ☐ f. Council member assigned to attend and report to council.  
Written/oral (please circle one) report.
  - ☐ g. Other (please describe): \_\_\_\_\_
4. Please append all evaluation reports on one major grant supported in the past biennium.



B. Mini Grants

1. Number of applications received in the past two years: \_\_\_\_\_  
Number of applications funded: \_\_\_\_\_

2. Review of mini grants prior to funding (please check all that apply):

- \_\_\_\_ a. Executive committee reviews in meeting/by phone (please circle one).  
\_\_\_\_ b. Chairman reviews.  
\_\_\_\_ c. Executive committee and executive director review in meeting/by phone (please circle one).  
\_\_\_\_ d. Full council reviews.  
\_\_\_\_ e. Reading subcommittee reviews.  
\_\_\_\_ f. Other (please describe): \_\_\_\_\_

3. Evaluation of mini grants after funding (please check all that are required):

- \_\_\_\_ a. Final narrative report by project director.  
\_\_\_\_ b. Reports from participating scholars.  
\_\_\_\_ c. Written audience evaluation.  
\_\_\_\_ d. Written outside evaluation.  
\_\_\_\_ e. Council member report.  
\_\_\_\_ f. Other (please describe): \_\_\_\_\_

II. Review/assessment of the overall program and operation of the council.  
Please provide the following information:

1. Does the council hold an annual evaluation retreat? \_\_\_\_\_  
If so, please attach the agenda for the most recent one. \_\_\_\_\_
2. Has a committee been appointed specifically for planning and evaluation? \_\_\_\_\_  
Title of committee: \_\_\_\_\_  
Number of meetings per year: \_\_\_\_\_
3. Has the council hired outside consultants to provide a critique of its program? \_\_\_\_\_
4. Does the council conduct an annual evaluation of staff? \_\_\_\_\_  
How is this done? \_\_\_\_\_
5. How are the council members involved in determining the content of the proposal to NEH? Please describe. \_\_\_\_\_
6. What other means are used to assess the council's work as a whole? \_\_\_\_\_

## REAUTHORIZATION PROVISIONS

In order to meet the requirements of the Endowment's reauthorizing legislation of 1985, each council must now submit documents in the biennial proposal showing compliance with the new legislation, including the following information:

1. The number of public meetings held, how they were publicized, who attended, a summary of recommendations made, and the council's response. Please include the plans for public meetings in the coming biennium.
2. The number of scholars and scholarly organizations participating in the council's programs during the previous two years and the type of participation, such as sponsor, project director, or lecturer.
3. The extent to which the programs receiving financial assistance are available to all peoples and communities of the state (a map of the state showing the location of projects funded and completed during the last two calendar years should be included).

## NEW APPLICATION COVER SHEET

<p><b>1. Council Chairperson</b></p> <p><b>a. Name and mailing address</b></p> <p>Name <u>Kelly, William W.</u></p> <p>Address <u>Alabama Independent Colleges</u></p> <p><u>Suite 112, #6 Office Park Circle</u></p> <p><u>Birmingham, AL 35223</u></p> <p><b>b. Form of address</b> <span style="border: 1px solid black; padding: 2px;">Mr.</span></p> <p><b>c. Social Security #</b> <u>000-00-0000</u> <b>Date of birth</b> <u>00/00/00</u></p> <p><b>d. Council Telephone Number</b></p> <p>Office <u>205/870-2300</u></p> <p><b>e. Major field of applicant or project director</b> <span style="border: 1px solid black; display: inline-block; width: 50px; height: 20px; vertical-align: middle;"></span></p> <p><b>f. Citizenship</b> <input checked="" type="checkbox"/> U.S. <input type="checkbox"/> Other _____</p>	<p><b>2. Type of applicant</b></p> <p>a. <input type="checkbox"/> by an individual b. <input checked="" type="checkbox"/> through an org. institute</p> <p>If a. indicate an institutional affiliation if applicable on line 11a</p> <p>If b. complete block 11 below and indicate here</p> <p>c. Type _____</p> <p>d. Status _____</p> <p><b>3. Type of application</b></p> <p>a. <input checked="" type="checkbox"/> new c. <input type="checkbox"/> renewal</p> <p>b. <input type="checkbox"/> revision and resubmission d. <input type="checkbox"/> supplement</p> <p>If either c or d, indicate previous grant number _____</p> <p><b>4. Program to which application is being made</b></p> <p>Division of State Programs <span style="border: 1px solid black; display: inline-block; width: 50px; height: 20px; vertical-align: middle;"></span></p> <p>Endowment Initiatives _____ The Division of State Programs will supply code _____</p> <p><b>5. Requested grant period</b></p> <p>From <u>11/01/89</u> To <u>10/31/91</u></p> <p><b>6. Project funding</b></p> <p>a. Outright funds \$ _____</p> <p>b. Federal match \$ <u>(Do not include gifts)</u></p> <p>c. Total from NEH \$ <u>Add a. and b.</u></p> <p>d. Cost sharing \$ <u>Include gifts (should at least equal c).</u></p> <p>e. Total project costs \$ <u>Total of c. and d.</u></p>
<p><b>7. Field of project</b></p> <p>Humanities <span style="border: 1px solid black; display: inline-block; width: 50px; height: 20px; vertical-align: middle;"></span></p>	<p><b>8. Descriptive title of project</b></p> <p>State Humanities Program</p>
<p><b>9. Statement of Purpose of Council</b></p>	

10. Will this proposal be submitted to another government agency or private entity for funding?  
(if yes indicate where and when)

11. Council Information		c. Name and mailing address of the institutional grant administrator	
a.	Alabama Humanities Foundation	Stewart,	Robert C.
(name)	Birmingham	(name)	Alabama Humanities Foundation
(city)	AL	(city)	2nd Floor, Leslie Wright Fine Arts Center
(state)		(state)	Box 2280, Samford University
b. Chairperson		(city)	800 Lakeshore Drive
Kelly, William W.		(city)	Birmingham, AL 35229
(name)		(city)	
(title)		(city)	
(signature (Chairperson))		(city)	
(date)		(city)	
		Telephone	205 870-2300
		area code	Form of address

## 12. Federal debt status

I certify that I am not delinquent on repayment of any federal debt.

Not applicable

(signature, person named in Block 1)

This institution certifies that it is not delinquent on repayment of any federal debt.

Not applicable

(signature, authorizing official named in Block 11b)

**Note:** Federal law provides criminal penalties of up to \$10,000 or imprisonment of up to five years, or both, for knowingly providing false information to an agency of the U.S. government. 18 U.S.C. Section 1001.

**For NEH use only**  
Date received

# 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.

---

**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.**

---

**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.

# NEH APPLICATION COVER SHEET

OMB No. 3136-0080  
Expires 9/30/91

## 1. Council Chairperson

### a. Name and mailing address

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_  
(city) (state) (zip code)

### b. Form of address ☐

c. Social Security # \_\_\_\_\_ Date of birth \_\_\_\_\_  
(month day yr)

### d. Council Telephone Number

Office \_\_\_\_\_  
(area code)

e. Major field of applicant or project director \_\_\_\_\_  
(code)

f. Citizenship ☐ U.S. Other \_\_\_\_\_  
(specify)

## 2. Type of applicant

a. by an individual b. through an org. institute  
If a indicate an institutional affiliation, if applicable, on line 11a  
If b complete block 11 below and indicate here  
c. Type  
d. Status

## 3. Type of application

a. new c. renewal  
b. revision and resubmission d. supplement  
If either c or d, indicate previous grant number

## 4. Program to which application is being made Division of State Programs ☐

Endowment Initiatives \_\_\_\_\_  
(code)

## 5. Requested grant period

From \_\_\_\_\_ To \_\_\_\_\_  
(month year) (month year)

## 6. Project funding

a. Outright funds \$ \_\_\_\_\_  
b. Federal match \$ \_\_\_\_\_  
c. Total from NEH \$ \_\_\_\_\_  
d. Cost sharing \$ \_\_\_\_\_  
e. Total project costs \$ \_\_\_\_\_

## 7. Field of project Humanities ☐

## 8. Descriptive title of project State Humanities Program

## 9. Statement of Purpose of Council

## 10. Will this proposal be submitted to another government agency or private entity for funding?

(if yes indicate where and when)

## 11. Council Information

a. \_\_\_\_\_  
(name)

\_\_\_\_\_  
(city) (state)

### b. Chairperson

\_\_\_\_\_  
(last) (first) (initial)

\_\_\_\_\_  
(title)

Signature (Chairperson) \_\_\_\_\_  
(date)

### c. Name and mailing address of the institutional grant administrator

\_\_\_\_\_  
(last) (first) (initial)

\_\_\_\_\_  
(city) (state) (zip code)

\_\_\_\_\_  
(city) (state) (zip code)

Telephone \_\_\_\_\_ Form of address ☐  
(area code)

## 12. Federal debt status

I certify that I am not delinquent on repayment of any federal debt.

Not applicable

(signature, person named in Block 1)

This institution certifies that it is not delinquent on repayment of any federal debt.

Not applicable

(signature, authorizing official named in Block 11b)

Note: Federal law provides criminal penalties of up to \$10,000 or imprisonment of up to five years, or both, for knowingly providing false information to an agency of the U.S. government 18 U.S.C. Section 1001

For NEH use only  
Date received

DIVISION OF STATE PROGRAMS COVER SHEET CONTINUATION

Name of Council	NEH Use Only Application Number
<p style="text-align: center;">SUMMARY OF PROPOSAL</p>	

# BUDGET FORMAT

## Division of State Programs

Each state must submit a budget for a twelve-month period according to the budget format shown below. Under "Administration and Services to the Field," include the costs of administration, special program development activities, and retired persons. The total costs charged to definite funds for this budget category may not exceed the total amount for the categories "Administration," "Program Development," and "Retired Persons" from your 1987 NEH grant award. The maximum amount of definite funds for a council-conducted project is \$25,000. The remaining definite funds are to be allocated to regrants.

The second column should provide details of how the matching funds will be allocated. The amounts listed should reflect as realistically as possible the level of private gifts the council expects to be able to raise.

Additional information about specific categories can be found in Section III of the Procedures Manual.

### TWELVE-MONTH BUDGET

		<u>Definite Funds</u>	<u>Gifts and Matching</u>	<u>Total</u>
I. Administration and Services to the Field				
A. <u>Salaries</u>				
1. Executive Director (Annual Salary \$ )	\$	\$	\$	
2. Assistant Director (Annual Salary \$ )	\$	\$	\$	
3. Secretary (Annual Salary \$ )	\$	\$	\$	
4. Part-time Assistant (Hourly wage/hours week)	\$	\$	\$	
5. Other (Provide a detailed breakdown of each item)	\$	\$	\$	
6. Retired Persons (up to (\$4,000 for 12 months)	\$	\$	\$	

B. Fringe Benefits

1. Executive Director (includes...)	\$	\$	\$
2. Assistant Director	\$	\$	\$
3. Secretary	\$	\$	\$
4. Part-time assistance	\$	\$	\$
5. Workman's compensation (or % of all salaries and coverage)	\$	\$	\$

C. Travel

1. Staff (indicate basis for amounts listed)	\$	\$	\$
2. Council	\$	\$	\$

D. Office Space

1. Monthly rent/square feet of space	\$	\$	\$
---	----	----	----

E. <u>Fiscal Agent Fee</u>	\$	\$	\$
----------------------------	----	----	----

F. Telephone

1. Monthly rate	\$	\$	\$
2. Long distance	\$	\$	\$

G. <u>Supplies</u>	\$	\$	\$
--------------------	----	----	----

H. Printing

1. Newsletter (estimate number of issues/copies of each)	\$	\$	\$
2. Brochures	\$	\$	\$
3. Stationery	\$	\$	\$
4. Other	\$	\$	\$

I. <u>Duplication</u>	\$	\$	\$
-----------------------	----	----	----

J. <u>Committee Meetings</u>	\$	\$	\$
------------------------------	----	----	----



K. <u>Equipment</u>			
1. Rented items (Provide an itemized list)	\$	\$	\$
2. Items to be purchased (Provide an itemized list)	\$	\$	\$
L. <u>Audit Expenses</u>	\$	\$	\$
M. <u>Other</u>			
Such as legal fees, evaluation costs, and program development activities not already listed. (Provide a detailed breakdown of each item)	\$	\$	\$
TOTAL BUDGET FOR ADMINISTRATION AND SERVICES TO THE FIELD	\$ _____	\$ _____	\$ _____
II. Council-conducted project			
(Up to \$25,000 for 12 months) (Provide detailed breakdown, using same line items as in I above)	\$	\$	\$
III. Regrants			
(Details about the allocation of funds to different funding categories, if any, should be included in the narrative)	\$	\$	\$
IV. Sabbatical			
(If Executive Director is eligible and sabbatical is to be used during this 12-month period) (Provide detailed breakdown of staff replacement costs)	\$	\$	\$
TOTAL FUNDS REQUESTED OF THE ENDOWMENT	\$ _____	\$ _____	\$ _____
	Total Definite Funds	Total Gifts and Matching	Total Funds

## Equal Opportunity

The Code of Federal Regulations, Title 45, Part 1110, implements provisions of Title VI of the Civil Rights Act of 1964 and, along with Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975, provides that the National Endowment for the Humanities is responsible for ensuring compliance with and enforcement of public laws prohibiting discrimination because of race, color, national origin, sex, handicap, and age in programs and activities receiving federal assistance from the National Endowment for the Humanities. Any person who believes he or she has been discriminated against in any program, activity, or facility receiving federal assistance from the Endowment should write immediately to the director of the Office of Equal Opportunity, National Endowment for the Humanities, 1100 Pennsylvania Avenue, N.W., Washington, D.C. 20506.

**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, publication, and public programs involving native American peoples.

S88-1

#### IV-C: Compliance Plan Reporting

S A M P L E

MEMORANDUM

TO: Chairs and Executive Directors  
Humanities Councils

FROM: Marjorie A. Berlincourt, Director  
Division of State Programs

SUBJECT: Compliance Plan Reporting

Since 1976, the legislation requires that each humanities council has on file an approved report indicating its compliance with federal legislative accountability requirements.

With an eye to simplification and greater specificity, we are enclosing a new form which we ask you to use. There are two components.

The first is a letter, to be signed by the chair of the humanities council, directing us to a set of by-laws under which the council currently operates. These by-laws should already be on file in the division. If not, please send a set of your amended by-laws with the completed forms. Be sure to display the date on which your council adopted these by-laws prominently on the cover page of the by-laws. The letter is also a signed statement by the chair indicating that the council will expend money only on programs which meet objectives specified in the amended NEH reauthorization legislation of 1985 and that the chair will make any and all reports to the NEH Chairman requested in compliance with that legislation.

The second section is a compliance reporting form by which you will fulfill the remainder of your compliance reporting requirements. While we must continue to request much of the same information as in earlier years, we expect the new form will enable you to present the necessary information more concisely. Please complete and return it to our office with your biennial proposal or interim progress report.

Enclosures: Compliance Plan Letter  
Compliance Report

Date: \_\_\_\_\_

Dr. Marjorie A. Berlincourt  
Director  
Division of State Programs, Room 411  
National Endowment for the Humanities  
1100 Pennsylvania Avenue, N.W.  
Washington, D.C. 20506

RE: Compliance Plan

Dear Dr. Berlincourt:

Enclosed is the information which you requested in fulfillment of our compliance reporting requirements. You will also find (check one):

1. ☒ a copy of our revised by-laws.
2. ☐ a completed Compliance Plan Report indicating that by-laws previously forwarded to your office remain in effect.

As required, the undersigned hereby certifies on behalf of \_\_\_\_\_ (name of council) that funds paid to the council by the National Endowment for the Humanities will be expended solely on programs which carry out the objectives of Section (7)(C) of the National Foundation on the Arts and Humanities Act of 1965 as amended (20 U.S.C. 951 et seq). The undersigned further certifies that the council will make reports to the Chairman of the National Endowment for the Humanities in such form, at such times, and containing such information, as the Chairman may require, in accordance with Section 7 (f)(3)(H), (I), and (J) of the above named Act of Congress.

Yours sincerely,

\_\_\_\_\_  
(Chair)

\_\_\_\_\_  
(Name of Council)

Enclosures

## COMPLIANCE REPORT

Please refer to the amended by-laws, forwarded to your office in \_\_\_\_\_ (year) which remain unchanged and in force at the date of this submission.

### Council Membership

Total No. of Council  
Members as per By-laws \_\_\_\_\_

No. of Academic Members \_\_\_\_\_

No. of Governor's Appointments \_\_\_\_\_

No. of Public Members \_\_\_\_\_

Total Current Council Membership \_\_\_\_\_

Nomination Process: (Check one)

Advertisement to citizens throughout state

Y \_\_\_ N \_\_\_

Written statewide solicitation

Y \_\_\_ N \_\_\_

Other: (Describe briefly types of groups contacted)

**Terms of Members:** Regular Appointments (in years)

Renewable? (Check one)

Y \_\_\_ N \_\_\_

Maximum No. of Years of Continuous Service \_\_\_\_\_

Gubernatorial Appointments (in years)

Renewable? (Check one)

Y \_\_\_ N \_\_\_

Maximum No. of Years of Continuous Service \_\_\_\_\_

Co-Extensive with gov's term? (Check one)

Y \_\_\_ N \_\_\_

**Terms of Chair:** Length of Term (in years)

Renewable? (Check one)

Y \_\_\_ N \_\_\_

Maximum No. of Years of Cont. Service \_\_\_\_\_

Date of Most Recent Election \_\_\_\_\_

### **Public Access:**

Number of Public Meetings annually \_\_\_\_\_

Meetings must include public discussion of the council's annual plan.

Format(s): (Describe briefly) \_\_\_\_\_

### **State Government:**

Governor provided with regular and complete information on all council activities (Check one)

Y \_\_\_ N \_\_\_

Appropriate state and local officials provided with necessary information on all council activities (Check one)

Y \_\_\_ N \_\_\_

Formats (Describe briefly) \_\_\_\_\_

In the next biennial, we agree to provide information on the number of scholars and scholarly organizations involved in council programs, on the extent to which council programs are available to persons and communities throughout the state, on efforts to publicize and extend these programs, and on the council's ability to secure wide participation by scholars and scholarly organizations.

(Signature of Chair) \_\_\_\_\_

(Name of Council) \_\_\_\_\_

## INTERIM PROGRESS REPORT FORMAT

In its biennial proposal to the National Endowment for the Humanities, each state humanities council assesses its overall work during the past two years and describes what it expects to achieve during the ensuing two-year period. The Interim Progress Report should not be viewed as a proposal, but as an analytical essay prepared at the mid-point of the two-year grant. It should outline the major goals set in the previous year and assess the progress made in reaching each of these goals in such areas of the council's work as programming, program development, evaluation, and organizational structure. Even if in the biennial proposal no changes were anticipated in certain aspects of the program, the council should describe what has been accomplished in those areas. Brief selected project descriptions may be used to support the analysis of the council's work over the past year. Any alterations in the plans as set forth in the biennial proposal should also be discussed.

The narrative section of the report should not exceed fifteen (15) pages in length. Please append to the report a list of current council members as well as information on public meetings held, the number of scholars and scholarly organizations reached by the program, and the extent to which programs are available to all people and communities of the state, as required by the 1985 reauthorizing legislation (see the attached appendices on program development, evaluation, and reauthorization provisions). In addition, a budget should be included, prepared in accordance with the outline contained in the Guidelines for Preparation of Biennial Proposals. The Statistical Profile and the Catalogue of Projects will be provided by the Endowment in advance of the due date of the Interim Progress Report. They may be directly reproduced. Five (5) copies of the entire package (narrative report and catalogue) must be received at the Endowment by the Friday of the first full week in June, alternate years from the proposal.

### Council-conducted Project

A council may elect to use up to \$25,000 of its regrant funds to conduct a project of its own design. If a council elects this option, it should present the project in its proposal, and the project must be approved by the Endowment. If it is not approved, funds allocated for it in the council's budget will be available to the council for regranting purposes. A detailed budget for the project should be presented by the council in addition to the total dollar figure included in the budget for the one-year period. The project should be described by the council in about five pages. Reviewers and panelists are asked for specific comments on the project. This section of the proposal should address the following issues and questions:

- o Rationale      -- Why the project was selected and how it fits into the council's overall program. Given the current demands on staff and council members' time, will temporary staff be hired? Is it feasible to take on such a project now?
  - o Humanities      -- What particular disciplines of the humanities are involved in the project? Are they integral to its implementation?

- o Format -- Whether the project design is logical and workable. If it is a repeat or an extension of a project, a specific assessment of past experience should be provided.
- o Work plan -- The steps to be followed in implementing the project. If a conference is proposed, the proposal should outline the qualifications of scholars and speakers, being as specific as possible. If the success of a conference is heavily dependent on the participation of specific speakers, indication of their commitment is strongly advised.
- o Personnel -- The names, job descriptions, and qualifications of the key personnel. If specific individuals are not in place, the proposal should describe each position and indicate the qualifications of the proposed personnel and how the position will be filled.
- o Audience -- The audience for the project and the extent to which it has been involved in planning the project. Strategies for attracting the intended audience to participate in the project should be indicated.
- o Evaluation -- Both the mechanisms and criteria for project evaluation. The proposal should state how this evaluation will be used to plan future council activities.
- o Budget -- A separate budget for the council-conducted project should be prepared along with a budget narrative explaining the allocations.



B. Mini Grants

1. Number of applications received in the past two years: \_\_\_\_\_  
Number of applications funded: \_\_\_\_\_
2. Review of mini grants prior to funding (please check all that apply):
  - \_\_\_\_ a. Executive committee reviews in meeting/by phone (please circle one).
  - \_\_\_\_ b. Chairman reviews.
  - \_\_\_\_ c. Executive committee and executive director review in meeting/by phone (please circle one).
  - \_\_\_\_ d. Full council reviews.
  - \_\_\_\_ e. Reading subcommittee reviews.
  - \_\_\_\_ f. Other (please describe): \_\_\_\_\_
3. Evaluation of mini grants after funding (please check all that are required):
  - \_\_\_\_ a. Final narrative report by project director.
  - \_\_\_\_ b. Reports from participating scholars.
  - \_\_\_\_ c. Written audience evaluation.
  - \_\_\_\_ d. Written outside evaluation.
  - \_\_\_\_ e. Council member report.
  - \_\_\_\_ f. Other (please describe): \_\_\_\_\_

II. Review/assessment of the overall program and operation of the council.  
Please provide the following information:

1. Does the council hold an annual evaluation retreat? \_\_\_\_\_  
If so, please attach the agenda for the most recent one. \_\_\_\_\_
2. Has a committee been appointed specifically for planning and evaluation? \_\_\_\_\_  
Title of committee: \_\_\_\_\_  
Number of meetings per year: \_\_\_\_\_
3. Has the council hired outside consultants to provide a critique of its program? \_\_\_\_\_
4. Does the council conduct an annual evaluation of staff? \_\_\_\_\_  
How is this done? \_\_\_\_\_
5. How are the council members involved in determining the content of the proposal to NEH? Please describe. \_\_\_\_\_
6. What other means are used to assess the council's work as a whole? \_\_\_\_\_

REAUTHORIZATION PROVISIONS

In order to meet the requirements of the Endowment's reauthorizing legislation of 1985, each council must now submit documents in the biennial proposal showing compliance with the new legislation, including the following information:

1. The number of public meetings held, how they were publicized, who attended, a summary of recommendations made, and the council's response. Please include the plans for public meetings in the coming biennium.
2. The number of scholars and scholarly organizations participating in the council's programs during the previous two years and the type of participation, such as sponsor, project director, or lecturer.
3. The extent to which the programs receiving financial assistance are available to all peoples and communities of the state (a map of the state showing the location of projects funded and completed during the last two calendar years should be included).

APPENDIX A

PROGRAM DEVELOPMENT

The information requested below should provide a summary of how the council has attempted to encourage interest and participation in its work throughout the state. Please give statistical information on program development activities as follows:

1. Number of grant-writing workshops held in the past two years: \_\_\_\_\_

2. Locations and dates of the workshops as well as attendance at each:

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3. Statewide meetings at which presentations were made (such as the annual meeting of the state association of teachers of English):

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4. Types and number of institutions reached through these meetings and workshops (from questions #2 and #3; for example, six historical societies):

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5. Number of staff visits to individual institutions in the past two years: \_\_\_\_\_

6. Does the council publish a newsletter? \_\_\_\_\_

Title: \_\_\_\_\_

Number of issues published in the past two years: \_\_\_\_\_

7. What form did the council's "Report to the People" take in the past biennium? Please append a copy.

8. Other program development activities (besides public meetings) undertaken by the council to increase its visibility in the state:

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## EVALUATION

Establishing evaluation mechanisms is one of the most difficult tasks a state council faces, particularly because much of what it does is not amenable to quantitative analysis. In order to give an overview of the evaluation procedures established by the council for the review and evaluation of regrants as well as for assessing the overall program, please complete the following form:

## I. Proposal Review and Project Evaluation

## A. Major Grants

1. Number of applications received in the past two years: \_\_\_\_\_  
Number funded: \_\_\_\_\_
2. The system for proposal review (please check all that apply):
  - ☐ a. Reading subcommittee(s) with summary report to full council.
  - ☐ b. Full council reviews all proposals.
  - ☐ c. One or two members serve as "intensive/prime" readers and report to full council; all members read all proposals.
  - ☐ d. Straw poll or "ballot" taken before final vote; proposals considered in order according to poll.
  - ☐ e. Peer/technical review panel for media projects or interpretive exhibitions.
  - ☐ f. Other (please describe): \_\_\_\_\_
3. Evaluation of major grants after funding. (Please check all that are required):
  - ☐ a. Interim narrative report by project director before final funds released.
  - ☐ b. Final narrative report by project director.
  - ☐ c. Reports from participating scholars.
  - ☐ d. Written audience evaluation.
  - ☐ e. Written outside evaluation.
  - ☐ f. Council member assigned to attend and report to council. Written/oral (please circle one) report.
  - ☐ g. Other (please describe): \_\_\_\_\_
4. Please append all evaluation reports on one major grant supported in the past biennium.

# NEH APPLICATION COVER SHEET

## 1. Council Chairperson

a. Name and mailing address

Name Kelly, William W.

Address Alabama Independent Colleges

Suite 112, #6 Office Park Circle

Birmingham, AL 35223

b. Form of address Mr.

c. Social Security # 000-00-0000 Date of birth 00/00/00

d. Council Telephone Number

Office 205/870-2300

e. Major field of applicant or project director

f. Citizenship ☒ U.S. ☐ Other

7. Field of project Humanities

8. Descriptive title of project State Humanities Program

9. Statement of Purpose of Council

## 2. Type of applicant

a. ☐ by an individual b. ☒ through an org. institute  
If a indicate an institutional affiliation, if applicable, on line 11a  
If b complete block 11 below and indicate here  
c. Type  
d. Status

## 3. Type of application

a. ☒ new c. ☐ renewal  
b. ☐ revision and resubmission d. ☐ supplement  
If either c or d, indicate previous grant number

4. Program to which application is being made  
Division of State Programs

Endowment Initiatives  The Division of State Programs will supply

## 5. Requested grant period

From 11/01/90 To 10/31/91

## 6. Project funding

a. Outright funds \$   
b. Federal match \$ (Do not include gift)  
c. Total from NEH \$ Add a. and b.  
d. Cost sharing \$ Include gifts (show at least equal c).  
e. Total project costs \$ Total of c. and d.

10. Will this proposal be submitted to another government agency or private entity for funding?  
(if yes indicate where and when)

## 11. Council Information

a. Alabama Humanities Foundation  
Birmingham AL  
b. Chairperson Kelly, William W.  
  
  
Signature (Chairperson)

c. Name and mailing address of the institutional grant administrator  
Stewart, Robert C.  
Alabama Humanities Foundation  
2nd Floor, Leslie Wright Fine Arts Center  
Box 2280, Samford University  
800 Lakeshore Drive  
Birmingham, AL 35229  
Telephone 205 870-2300 Form of address

## 12. Federal debt status

I certify that I am not delinquent on repayment of any federal debt

This institution certifies that it is not delinquent on repayment of any federal debt

(signature, person named in Block 1)

(signature, authorizing official named in Block 11b)

Note: Federal law provides criminal penalties of up to \$10,000 or imprisonment of up to five years, or both, for knowingly providing false information to an agency of the U.S. government 18 U.S.C. Section 1001

For NEH use only  
Date received  
Application #

## 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.

# NEH APPLICATION COVER SHEET

OMB NO. 3150-0080  
Expires 9/30/91

## 1. Council Chairperson

a. Name and mailing address

Name \_\_\_\_\_  
(last) (first) (initial)

Address \_\_\_\_\_

(city) (state) (zip code)

b. Form of address ☐

c. Social Security # \_\_\_\_\_ Date of birth \_\_\_\_\_  
(mo day yr)

d. Council Telephone Number

Office: \_\_\_\_\_  
(area code)

e. Major field of applicant or project director \_\_\_\_\_  
(code)

f. Citizenship ☐ U.S.  
☐ Other \_\_\_\_\_  
(specify)

## 2. Type of applicant

a. ☐ by an individual b. ☐ through an org. institute  
If a, indicate an institutional affiliation, if applicable, on line 11a  
If b, complete block 11 below and indicate here  
c. Type  
d. Status

## 3. Type of application

a. ☐ new c. ☐ renewal  
b. ☐ revision and resubmission d. ☐ supplement  
If either c or d, indicate previous grant number

## 4. Program to which application is being made

Division of State Programs ☐  
Endowment Initiatives \_\_\_\_\_  
(code)

## 5. Requested grant period

From: \_\_\_\_\_ To: \_\_\_\_\_  
(month year) (month year)

## 6. Project funding

a. Outright funds \$ \_\_\_\_\_  
b. Federal match \$ \_\_\_\_\_  
c. Total from NEH \$ \_\_\_\_\_  
d. Cost sharing \$ \_\_\_\_\_  
e. Total project costs \$ \_\_\_\_\_

## 7. Field of project

Humanities ☐

## 8. Descriptive title of project

State Humanities Program

## 9. Statement of Purpose of Council

## 10. Will this proposal be submitted to another government agency or private entity for funding?

(if yes, indicate where and when)

## 11. Council Information

a. \_\_\_\_\_  
(name)

(city) (state)

## b. Chairperson

(last) (first) (initial)

(title)

(signature) (Chairperson) (date)

## c. Name and mailing address of the institutional grant administrator

(last) (first) (initial)

(city) (state) (zip code)

Telephone: \_\_\_\_\_ Form of address ☐  
(area code)

## 12. Federal debt status

I certify that I am not delinquent on repayment of any federal debt.

This institution certifies that it is not delinquent on repayment of any federal debt.

(signature, person named in Block 1)

(signature, authorizing official named in Block 11b)

Note: Federal law provides criminal penalties of up to \$10,000 or imprisonment of up to five years, or both, for knowingly providing false information to an agency of the U.S. government 18 U.S.C. Section 1001

For NEH use only

Date received

Application #

STATE AND REGIONAL EXEMPLARY AWARDS  
DIVISION OF STATE PROGRAMS

I. Introduction

The Division of State Programs conducts an annual competition for state and regional exemplary awards. All state humanities councils are eligible to compete for these awards, which do not normally exceed \$75,000. In addition to proposals from individual states, joint applications will be accepted from two or more councils that want to undertake a regional project. Funding for regional projects can be up to \$170,000, depending upon the complexity of the project and the number of states involved. The purpose of this program is twofold: to enable councils to undertake worthy projects that they might otherwise be unable to fund, and to recognize projects of an outstanding and imaginative nature that are appropriate for the state and that further the goals of the state council. It is hoped that these projects may serve as models to other state councils, but it is recognized that the significance of the project for the particular state is of primary importance. The emphasis in this competition is on high-quality humanities projects rather than on administrative or program development activities. Councils may also apply for small planning grants in order to undertake the research and planning necessary for a major statewide or regional project. Planning grants can also be made for administrative efficiencies or for projects that study the possibilities of shared resources. Normally, planning grants should not exceed \$15,000 for statewide projects or \$25,000 for regional projects. The award of a planning grant does not necessarily indicate that a subsequent exemplary award application will be funded. An individual council may apply for a planning grant, a grant for a full-scale project, or as part of a regional program. Councils considering the submission of more than one proposal in a given year should discuss the applications with division staff in advance, and no council should plan to submit more than two applications a year. On occasion, a council may be offered a planning grant on the basis of the evaluators' view that a promising project needs further development before being considered for an exemplary award.

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.

The following list gives examples of the types of projects that have been supported in this program:

- an interpretive exhibition, a series of lectures, a reading and discussion series, and a conference on the concept of heroism in Western and non-Western cultures;



- two traveling photographic exhibitions, one on the U.S. Constitution, and one on the exploration of the American West;
- a series of twelve lecture, reading, and discussion programs that used landmark Supreme Court cases as the basis for public discussion;
- an award made jointly to five councils that allowed them to plan and design cooperative regional programs for distribution by their resource centers;
- a statewide series of seminars offered to teachers during the school year that examine significant texts in the humanities; and
- a series of planning meetings held in order to develop a statewide program that will explore the question of how we know what we know about the past.

Applications are due at the Endowment on Friday of the first full week of October and will be presented to the National Council on the Humanities for consideration in February. State councils wanting to apply in this competition are invited to confer with division staff well in advance of the October deadline. The applications are reviewed by a panel representing both the general public and the scholarly community. Panelist evaluations will be based on the document submitted, not on the regular biennial proposal, interim progress report, or other documents that provide an assessment of the council's overall program. Outside specialized reviews may occasionally be sought to supplement panel assessments. A summary of the panel discussion and recommendations as well as a staff assessment will be presented to the National Council committee responsible for the review of state programs. The recommendation of that committee will be presented to the full Council for review and to the Chairman who, by law, makes the final funding decision. Awards will be made by April 1, and most project activities will be completed within two years. Each state council that receives an award will be required to submit a final narrative report on the accomplishments of the project. The report is due at the Endowment no later than ninety days after the termination of the project.

The Endowment is currently encouraging proposals for projects concerning the following topics:

#### 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 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 focus on 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. Proposal Format

#### A. Abstract

Provide an abstract of no more than 150 words that describes the proposed project's activities. Please type the abstract in Section 9 on the NEH Application Cover Sheet (Description of Project).

#### B. Narrative

Applicants should refer to the criteria for review on page 6 in writing the narrative section of the proposal; panelists will be asked to consider these criteria in assessing the application.

### I. Full-Scale Projects

1. Origin and Intellectual Need: Clearly describe the origin of the project idea, how the humanities are central to the project, and why this project has been identified as belonging to a promising program area, appropriate for the state or states involved. Disciplines of the humanities that are central to the project should be made explicit. Explain how the project relates to the overall program goals of the state council. Include an assessment of previous efforts and accomplishments in this area. If the proposal has developed out of another project, provide an assessment of the earlier project, including information about the humanities disciplines central to the project, the number and type of participants, the involvement of scholars in the project, what was learned from the past effort, and why the project is worthy of being proposed for an exemplary award.
2. Purpose and Audience: Explain what the project will accomplish and how it will advance understanding of the humanities for the participants as well as for other citizens of the state. It is expected that the project will have long-term effects and will be continued after exemplary award funding has ceased; please describe the mechanisms

envisioned for providing ongoing support. Identify the potential audience(s) for the project and provide a publicity plan for reaching that audience.

3. Activities, Work Plan, and Format: Describe the kinds of activities that will be central to the project and how they will be implemented. Include a timetable for project activities. If the project is one that covers more than one state, describe how it will be administered and how responsibilities will be allocated among the participating states. If the project includes regranteeing funds, outline the funding guidelines and the proposed regrant review process. Describe how the criteria that will be used for awarding regrantees were developed, including any past council experience that helped to establish the criteria. If the council plans to issue a request for proposals, indicate how many and what types of proposals are expected to be received. If the project involves a conference, outline the qualifications of scholars and speakers; commitments from principal speakers should also be obtained. If the project involves an interpretive exhibition, the overarching themes should be explicated and details provided on how the materials to be used will be selected, displayed, and interpreted. Sample texts and information on the proposed exhibition design should also be included.
4. Project Personnel and Resources: Outline the key personnel involved, including humanities scholars and other resource personnel. Explain how their experience qualifies them for the project. Describe the material and human resources that qualify the council to undertake the project. If a council decides to submit more than one proposal, it must demonstrate that it has the available resources, in terms of personnel and supporting institutions, to make two projects feasible.
5. Evaluation: A plan for measuring the outcome of the project is required. Indicate both the mechanism and criteria by which the project will be evaluated. If an outside evaluator is to be hired, provide a description of the qualifications needed for the task and of exactly what that person will be required to do. Give an explicit outline of the questions to be asked and how they will be answered.

## II. Planning Grants

1. Intellectual Substance and Origin of the Idea: As for full-scale projects, the central humanities themes and ideas must be clearly defined. The project to be planned should be related to the council's overall program.

2. Personnel: The application should be clear about who will be involved in planning the project and their qualifications. Commitments from humanities scholars and other resource persons who will serve on advisory committees or in such capacities as lecturers or exhibit designers should be included in the application. If firm commitments have not yet been obtained, the application should describe the qualifications and background individuals must have in order to be included in the planning project.
3. Work Plan: The activities of the planning phase should be described in detail, including, for example, preliminary agendas for planning meetings, contacts to be made with collaborating institutions, and how resources at collaborating institutions would be useful for the project. Applicants should describe the work that has taken place prior to the planning phase in order to establish the direction of the project. The intended results or accomplishments of the project's planning phase should also be clear.

C. Budget

Provide a detailed budget and narrative explaining the project costs. Be sure that costs for the project are justified in terms of the project's goals and activities. Because all NEH funds to state humanities councils must be matched with cost-sharing contributions, the council should indicate how this requirement will be met on these awards. Accounting records of expenditures on this project must be maintained for auditing purposes for at least three years.

II. General Facts about Preparing the Proposal

- A. The Office of Management and Budget requires federal agencies to supply information on the time needed to complete forms and also invites comments on the paperwork burden. NEH estimates the average time to complete this application is 120 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 Office of the Assistant Chairman for Administration, National Endowment for the Humanities, Washington, D.C. 20506; and to the Office of Management and Budget, Paperwork Reduction Project (3136-0114), Washington, D.C. 20503.
- B. The proposal narrative must be limited to no more than **twenty** pages, although appropriate attachments may be submitted.

- C. Fifteen copies of the application should be submitted to the Division of State Programs no later than Friday of the first full week of October.

#### IV. Criteria for Review

1. The project should be consistent with the established goals for the state council(s). It should have long-term benefits for the overall program of the council(s).
2. The project should be firmly rooted in one or more of the humanities disciplines. It should advance understanding of the humanities for the proposed audience. The humanities scholars, other resource persons, and intended audience should be clearly identified.
3. The proposal should include an adequate description of the duties and qualifications of key personnel who will be involved. Letters of commitment should be included.
4. If the project represents a new program area for the council, it should be clear that the resources and expertise necessary for its success are available to the council. If it is an outgrowth of something the council has tried before, an examination of the previous record should indicate future success. If the applicant proposes a planning grant, it should be evident that enough preliminary work has been done to indicate clearly the directions and goals of the project.
5. The project plan should be realistic and practicable. The application should provide a clear description of how the project will be implemented.
6. It should be clear that the overall cost is reasonable in relation to the project goals and the scope of activities.
7. The project should be exemplary, that is, outstanding, worthy of imitation or adaptation, and entirely appropriate for the state(s) involved.

#### Equal Opportunity

The Code of Federal Regulations, Title 45, Part 1110, implements provisions of Title VI of the Civil Rights Act of 1964 and, along with Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975, provides that the National Endowment for the Humanities is responsible for ensuring compliance with and enforcement of public laws prohibiting discrimination because of race, color, national origin, sex, handicap, and age in programs and activities receiving federal assistance from the National Endowment for the Humanities. Any person who believes he or she has been discriminated against in any program, activity, or facility

receiving federal assistance from the Endowment should write immediately to the director, Office of Equal Opportunity, National Endowment for the Humanities, 1100 Pennsylvania Avenue, N.W., Washington, D.C. 20506.

**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, publication, and public programs involving native American peoples.

S89-1

## NEH APPLICATION COVER SHEET

SAMPLE

## 1. Council Chairperson

a. Name and mailing address

Name Riley, Patricia A.Address Maine Humanities CouncilP.O. Box 7202Portland ME 04112b. Form of address MSc. Social Security # 000-00-0000 Date of birth 00/00/00d. Telephone number  
Office 207 289-2674 Home 207 792-2709e. Major field of applicant  
or project director Public Administration F4f. Citizenship ☒ U.S.  
Other \_\_\_\_\_

## 2. Type of applicant

a. ☐ by an individual b. ☒ through an org/institute  
If a, indicate an institutional affiliation, if applicable, on line 11a.  
If b, complete block 11 below and indicate here

c. Type

d. Status

## 3. Type of application

a. ☒ new c. ☐ renewal  
b. ☐ revision and resubmission d. ☐ supplement

If either c or d, indicate previous grant number: \_\_\_\_\_

## 4. Program to which application is being made

Division of State ProgramsEndowment Initiatives \_\_\_\_\_ The Division of State  
Programs will supply code \_\_\_\_\_

## 5. Requested grant period

From 7/1/87 To 6/30/89

## 6. Project funding

a. Outright funds \$ 73,614  
b. Federal match \$ 0  
c. Total from NEH \$ 73,614  
d. Cost sharing \$ 98,073  
e. Total project costs \$ 171,687

## 7. Field of project

Humanities8. Descriptive title of project The Land of Norumbega: Maine in the Age of Exploration and Settlement, 1498-1650

9. Description of project (do not exceed space provided) Through the use of extraordinary cartographic resources and the disciplines of historical geography, history, anthropology, and art history, the Land of Norumbega project will examine the northern exploration and settlement of America, begun by John Cabot in 1497-98--a chapter often left out of the age of discovery story. The project will bring Maine's surprisingly central role in that story into focus, giving Maine people a sense of their connection to both the world's history and geography. The project will also explore the often obscured realities of Native American life in the period and will promote the understanding of maps as essential humanities texts. Using a number of proven program models, the project is tailored for specific audiences: the general public, teachers, scholars, and school children.

## 10. Will this proposal be submitted to another government agency or private entity for funding?

(if yes, indicate where and when)

No

## 11.

## a. Council Information

Maine Humanities CouncilPortland ME

## b. Name of Executive Director

Schwartz, DorothyExecutive Director

Signature of Chairperson \_\_\_\_\_

## c. Name and mailing address of the institutional grant administrator

Schwartz, DorothyMaine Humanities CouncilP.O. Box 7202Portland, ME 04112Telephone 207 773-5051 Form of address MS

## 12. Federal debt status

I certify that I am not delinquent on repayment of any federal debt.

This institution certifies that it is not delinquent on repayment of any federal debt.

Not Applicable

(signature, person named in Block 1)

(signature, authorizing official named in Block 11b)

Note: Federal law provides criminal penalties of up to \$10,000 or imprisonment of up to five years, or both, for knowingly providing false information to an agency of the U.S. government. 18 U.S.C. Section 1001

## For NEH use only

Date received \_\_\_\_\_

Application # \_\_\_\_\_

# National Endowment for the Humanities

Washington, D.C.

---

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.

---

**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.**

---

**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.



# NEH APPLICATION COVER SHEET

OMB No. 3136-0114  
Expires 2/29/92

## 1 Council Chairperson

### a. Name and mailing address

Name \_\_\_\_\_  
(last) (first) (initial)

Address \_\_\_\_\_

(city) (state) (zip code)

### b. Form of address ☐

c. Social Security # \_\_\_\_\_ Date of birth \_\_\_\_\_  
(mo day yr)

d. Telephone number  
Office \_\_\_\_\_ Home \_\_\_\_\_  
(area code) (area code)

e. Major field of applicant or project director \_\_\_\_\_  
(code)

f. Citizenship ☐ U.S. ☐ Other \_\_\_\_\_  
(specify)

### 7. Field of project ☐

### 8. Descriptive title of project

### 9. Description of project (do not exceed space provided)

## 2. Type of applicant

- a. ☐ by an individual b. ☐ through an org institute  
If a. indicate an institutional affiliation, if applicable, on line 11a.  
If b. complete block 11 below and indicate here  
c. Type  
d. Status

## 3. Type of application

- a. ☐ new c. ☐ renewal  
b. ☐ revision and resubmission d. ☐ supplement  
If either c or d, indicate previous grant number.

## 4. Program to which application is being made ☐

Endowment Initiatives \_\_\_\_\_  
(code)

## 5. Requested grant period

From \_\_\_\_\_ To \_\_\_\_\_  
(month year) (month year)

## 6. Project funding

a. Outright funds \$ \_\_\_\_\_  
b. Federal match \$ \_\_\_\_\_  
c. Total from NEH \$ \_\_\_\_\_  
d. Cost sharing \$ \_\_\_\_\_  
e. Total project costs \$ \_\_\_\_\_

## 10. Will this proposal be submitted to another government agency or private entity for funding?

(if yes, indicate where and when)

## 11. Council Information

### a. Council Information

(name) \_\_\_\_\_

(city) (state)

### b. Name of Executive Director

(last) (first) (initial)

(title)

Signature of Chairperson \_\_\_\_\_ (date)

### c. Name and mailing address of the institutional grant administrator

(last) (first) (initial)

(city) (state) (zip code)

Telephone \_\_\_\_\_ Form of address ☐  
(area code)

## 12. Federal debt status

I certify that I am not delinquent on repayment of any federal debt.

This institution certifies that it is not delinquent on repayment of any federal debt.

Not applicable

(signature, person named in Block 1)

(signature, authorizing official named in Block 11b)

Note: Federal law provides criminal penalties of up to \$10,000 or imprisonment of up to five years, or both, for knowingly providing false information to an agency of the U.S. government. 18 U.S.C. Section 1001

For NEH use only

Date received

Application #

# National Endowment for the Humanities BUDGET INSTRUCTIONS

Before developing a project budget, applicants should review those sections of the program guidelines and application instructions that discuss cost-sharing requirements, the different kinds of Endowment funding, limitations on the length of the grant period, and any restrictions on the types of costs that may appear in the project budget.

## Requested Grant Period

Grant periods begin on the first day of the month and end on the last day of the month. All project activities must take place during the requested grant period.

## Project Costs

The budget should include the project costs that will be charged to grant funds as well as those that will be supported by applicant or third-party cash and in-kind contributions.

All of the items listed, whether supported by grant funds or cost-sharing contributions, must be reasonable, necessary to accomplish project objectives, allowable in terms of the applicable federal cost principles, auditable, and incurred during the grant period. Charges to the project for items such as salaries, fringe benefits, travel, and contractual services must conform to the written policies and established practices of the applicant organization.

When indirect costs are charged to the project, care should be taken that expenses that are included in the organization's indirect cost pool (see Indirect Costs) are not charged to the project as direct costs.

## Fringe Benefits

Fringe benefits may include contributions for social security, employee insurance, pension plans, etc. Only those benefits that are not included in an organization's indirect cost pool may be shown as direct costs.

## Travel Costs

Less-than-first-class accommodations must be used and foreign travel must be undertaken on U.S. flag carriers when such services are available.

## Equipment

Only when an applicant can demonstrate that the purchase of permanent equipment will be less expensive than rental may charges be made to the project for such purchases. Permanent equipment is defined as an item costing more than \$500 with an estimated useful life of more than two years.

## SAMPLE BUDGET COMPUTATIONS

					NEH Funds (a)	Cost Sharing (b)	Total (c)
<b>Salaries and Wages</b>							
Jane Doe, Project Director	[ 1 ]	9 months x 100% @ \$27,000/academic yr.			\$13,500	\$13,500	\$27,000
Jane Doe	[ 1 ]	1 summer month x 100% @ \$3,000			3,000		3,000
John Smith, Research Assistant	[ 1 ]	6 months x 50% @ \$25,000/yr.			6,250		6,250
Secretarial Support	[ 1 ]	3 months x 100% @ \$14,000/yr.			3,500		3,500
<b>Fringe Benefits</b>							
11 % of \$36,250					2,503	1,485	3,988
8 % of \$ 3,500					280		280
<b>Travel</b>							
	no. of persons	total travel days	subsistence costs	transport. costs =			
New York City-Chicago	[ 2 ]	[ 4 ]	\$300	\$450	750		750
Various Washington D.C. conf.	[ 5 ]	[ 10 ]	\$750	500	1,250		1,250
<b>Consultant Fees</b>							
Serbo-Croatian Specialist		5	\$100		500		500
<b>Services</b>							
Long Distance Telephone			est. 40 toll calls @ \$3.00		120		120
Conference Brochure			50 copies @ \$3.50 copy		175		175
<b>TOTAL DIRECT COSTS</b>					<b>\$31,808</b>	<b>\$14,985</b>	<b>\$46,793</b>

National Endowment for the Humanities  
**BUDGET FORM**

OMB No. 3136-0114  
Expires 2/29/92

Project Director	If this is a revised budget, indicate the NEH application/grant number:
Applicant Organization	Requested Grant Period From _____ to _____ <div style="text-align: center; font-size: small;">mo./yr.                      mo./yr.</div>

The three-column budget has been developed for the convenience of those applicants who wish to identify the project costs that will be charged to NEH funds and those that will be cost shared. FOR NEH PURPOSES, THE ONLY COLUMN THAT NEEDS TO BE COMPLETED IS COLUMN C. The method of cost computation should clearly indicate how the total charge for each budget item was determined. If more space is needed for any budget category, please follow the budget format on a separate sheet of paper.

When the requested grant period is eighteen months or longer, separate budgets for each twelve-month period of the project must be developed on duplicated copies of the budget form.

**SECTION A — budget detail for the period from \_\_\_\_\_ to \_\_\_\_\_**  

mo./yr.                      mo./yr.

**1. Salaries and Wages**

Provide the names and titles of principal project personnel. For support staff, include the title of each position and indicate in brackets the number of persons who will be employed in that capacity. For persons employed on an academic year basis, list separately any salary charge for work done outside the academic year.

name/title of position	no.	method of cost computation (see sample)	NEH Funds (a)	Cost Sharing (b)	Total (c)
_____	[    ]	_____	\$ _____	\$ _____	\$ _____
_____	[    ]	_____	_____	_____	_____
_____	[    ]	_____	_____	_____	_____
_____	[    ]	_____	_____	_____	_____
_____	[    ]	_____	_____	_____	_____
_____	[    ]	_____	_____	_____	_____
_____	[    ]	_____	_____	_____	_____
_____	[    ]	_____	_____	_____	_____
SUBTOTAL			\$ _____	\$ _____	\$ _____

**2. Fringe Benefits**

If more than one rate is used, list each rate and salary base

rate	salary base	(a)	(b)	(c)
_____ % of	\$ _____	\$ _____	\$ _____	\$ _____
_____ % of	\$ _____	_____	_____	_____
SUBTOTAL		\$ _____	\$ _____	\$ _____

**3. Consultant Fees**

Include payments for professional and technical consultants and honoraria.

name or type of consultant	no. of days on project	daily rate of compensation	(a)	(b)	(c)
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	_____	\$ _____	_____	_____	_____
_____	_____	\$ _____	_____	_____	_____
_____	_____	\$ _____	_____	_____	_____
_____	_____	\$ _____	_____	_____	_____
SUBTOTAL			\$ _____	\$ _____	\$ _____

**4. Travel**

For each trip, indicate the number of persons traveling, the total days they will be in travel status, and the total subsistence and transportation costs for that trip. When a project will involve the travel of a number of people to a conference, institute, etc., these costs may be summarized on one line by indicating the point of origin as "various." All foreign travel must be listed separately.

from/to	no. of persons	total travel days	subsistence costs	+	transportation costs	=	NEH Funds (a)	Cost Sharing (b)	Total (c)
_____	[    ]	[    ]	\$ _____		\$ _____		\$ _____	\$ _____	\$ _____
_____	[    ]	[    ]	_____		_____		_____	_____	_____
_____	[    ]	[    ]	_____		_____		_____	_____	_____
_____	[    ]	[    ]	_____		_____		_____	_____	_____
_____	[    ]	[    ]	_____		_____		_____	_____	_____
_____	[    ]	[    ]	_____		_____		_____	_____	_____
_____	[    ]	[    ]	_____		_____		_____	_____	_____
SUBTOTAL							\$ _____	\$ _____	\$ _____

**5. Supplies and Materials**

Include consumable supplies, materials to be used in the project, and items of expendable equipment, i.e., equipment items costing less than \$500 or with an estimated useful life of less than two years.

item	basis/method of cost computation	(a)	(b)	(c)
_____	_____	\$ _____	\$ _____	\$ _____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
SUBTOTAL		\$ _____	\$ _____	\$ _____

**6. Services**

Include the cost of duplication and printing, long distance telephone, equipment rental, postage, and other services related to project objectives that are not included under other budget categories or in the indirect cost pool. For subcontracts over \$10,000, provide an itemization of subcontract costs on this form or on an attachment.

item	basis/method of cost computation	(a)	(b)	(c)
_____	_____	\$ _____	\$ _____	\$ _____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
SUBTOTAL		\$ _____	\$ _____	\$ _____

## 7. Other Costs

Include participant stipends and room and board, equipment purchases, and other items not previously listed. Please note that "miscellaneous" and "contingency" are not acceptable budget categories. Refer to the budget instructions for the restriction on the purchase of permanent equipment.

item	basis/method of cost computation	NEH Funds (a)	Cost Sharing (b)	Total (c)
		\$ _____	\$ _____	\$ _____
		_____	_____	_____
		_____	_____	_____
		_____	_____	_____
		_____	_____	_____
		_____	_____	_____
		_____	_____	_____
		_____	_____	_____
	SUBTOTAL	\$ _____	\$ _____	\$ _____
<b>8. Total Direct Costs</b> (add subtotals of items 1 through 7)		\$ _____	\$ _____	\$ _____

**SECTION B — Summary Budget and Project Funding****SUMMARY BUDGET**

Transfer from section A the total costs (column c) for each category of project expense. When the proposed grant period is eighteen months or longer, project expenses for each twelve-month period are to be listed separately and totaled in the last column of the summary budget. For projects that will run less than eighteen months, only the last column of the summary budget should be completed.

<b>Budget Categories</b>	<b>First Year/ from to</b>	<b>Second Year/ from to</b>	<b>Third Year/ from to</b>	<b>TOTAL COSTS FOR ENTIRE GRANT PERIOD</b>
1 Salaries and Wages	\$ _____	\$ _____	\$ _____	= \$ _____
2 Fringe Benefits	_____	_____	_____	= _____
3 Consultant Fees	_____	_____	_____	= _____
4 Travel	_____	_____	_____	= _____
5 Supplies and Materials	_____	_____	_____	= _____
6 Services	_____	_____	_____	= _____
7 Other Costs	_____	_____	_____	= _____
8 <b>Total Direct Costs (items 1-7)</b>	\$ _____	\$ _____	\$ _____	= \$ _____

**PROJECT FUNDING FOR ENTIRE GRANT PERIOD**

<b>Requested from NEH</b>		<b>Cost Sharing<sup>2</sup></b>	
Outright	\$ _____	Cash Contributions	\$ _____
Federal Matching	\$ _____	In-Kind Contributions	\$ _____
		Project Income	\$ _____
<b>TOTAL NEH FUNDING</b>	<b>\$ _____</b>	<b>TOTAL COST SHARING</b>	<b>\$ _____</b>

Total Project Funding (NEH Funds - Cost Sharing)<sup>3</sup> = \$ \_\_\_\_\_

Indicate the amount of outright and/or federal matching funds that is requested from the Endowment.

Indicate the amount of cash contributions that will be made by the applicant or third parties to support project expenses that appear in the budget. Include in this amount third-party cash gifts that will be raised to release federal matching funds. (Consult the program guidelines for information on cost-sharing requirements.)

Occasionally, in-kind (noncash) contributions from third parties are included in a project budget as cost sharing; e.g., the value of services or equipment that is donated to the project free of charge. If this is the case, the total value of in-kind contributions should be indicated.

When a project will generate income that will be used during the grant period to support expenses listed in the budget, indicate the amount of income that will be expended on budgeted project activities.

Total Project Funding should equal Total Project Costs.

**Institutional Grant Administrator**

Complete the information requested below when a revised budget is submitted. Block 11 of the application cover sheet instructions contains a description of the functions of the institutional grant administrator. The signature of this person indicates approval of the budget submission and the agreement of the organization to cost share project expenses at the level indicated under "Project Funding."

\_\_\_\_\_  
Name and Title (please type or print) Telephone (\_\_\_\_\_) \_\_\_\_\_  
area code

\_\_\_\_\_  
Signature Date \_\_\_\_\_

NEH Application/Grant Number \_\_\_\_\_

IV-F: The Cooperative Agreement

NEH GRANTS MANAGEMENT ORIENTATION  
Concept of a Grant and the  
 USE OF CONTRACTS, GRANTS, AND COOPERATIVE AGREEMENTS

Sections 4, 5, and 6 of P.L.95-224 set forth the criteria that require the use of either a procurement contract, a grant agreement, or a cooperative agreement as the legal instrument between the Federal Government and the recipient of a Federal award. These sections require that the legal instruments employed in transactions between Federal agencies and non-Federal recipients of awards reflect the basic character of the relationship established. The exact terms, conditions and clauses that are contained in these instruments are not necessarily determined by these criteria.

The sections identify the following basic relationships found in transactions between Federal agencies and recipients of contracts and Federal assistance awards:

<u>Relationship</u>	<u>Instrument</u>
* The principal purpose of the relationship is the acquisition, by purchase, lease, or barter, of property or services for the direct benefit or use of the Federal Government. This is Federal purchase for Federal or third-party use.	<u>Contract</u>
* The principal purpose of the relationship is the transfer of money, property, services, or anything of value to the recipient in order to accomplish a public purpose of support or stimulation; there will be no substantial involvement between the Federal agency and the recipient during performance of the activity. The Federal agency is a "patron" of the grantee.	<u>Grant</u>
* The principal purpose of the relationship is the transfer of money, property, services, or anything of value to the recipient to accomplish a public purpose of support or stimulation; there will be substantial involvement between the Federal agency and the recipient during performance of the activity, establishing the agency as a "partner" during performance.	<u>Cooperative Agreement</u>

The following explanation will further clarify the distinctions among these three instruments:

Contracts: The term contract should be restricted to procurement relationships. It should not be used to express assistance-type relationships. Price competition considerations should be kept in the procurement area. The justifications required for selection of award in the procurement process should not be allowed to complicate the processing of assistance transaction. A contract should be used to effect what is a procurement relationship, regardless of who the parties are (i.e., contracts should be used for procurements accomplished by Federal grantees under their grants.)

Grant: The term grant should be restricted to assistance relationships in which the performance responsibility rests basically with the recipient and little or no Federal involvement or participation is required.

Cooperative Agreements: Cooperative or participatory Federal/non-Federal assistance relationships in which Federal involvement is needed during performance are distinct from grants or contracts. The term cooperative agreement should be used.

(from Grants Management for Grant Officials, pp.1-5 & 1.6, compiled by Management Concepts, Incorporated.)





APPLICATION FOR COOPERATIVE AGREEMENT

To Establish a Research Center on the  
Teaching and Learning of History  
In Elementary and Secondary Schools

NEH-88-OP-13

Office of the Chairman

October 5, 1987

## TABLE OF CONTENTS

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Scope of Work	1
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Attachments: Application Cover Sheet, Budget Forms and Instructions,  
and Assurances

RESEARCH CENTER ON THE TEACHING AND LEARNING OF  
HISTORY IN ELEMENTARY AND SECONDARY SCHOOLS

BACKGROUND

By all accounts, the study of history should be the most interesting of all subjects taught in elementary and secondary schools. Through history we see the rise and fall of people, nations, and empires; we learn about great ideas, we see human success and tragedy; we get an insight into human nature. All of civilization is seen through the lens of history. Yet we are often told by our students that history is the least favored, most boring subject. And evidence abounds to indicate that beyond being disfavored, the content of history courses is poorly presented, poorly understood, and poorly absorbed. Indeed, the latest survey by the National Assessment of Educational Progress of 17 year-old high school students shows them to be less than adequately versed in even some of the most basic historical events, ancient or modern.

We would be less than honest, however, if we lay the blame for the decline in historical knowledge on either our students or the field of history itself. For too long we have undervalued the importance of history in the schools, we have diluted the teaching of history by putting it under the soft rubric of "social studies," we have lowered our expectation of the preparation required of history teachers in the discipline of history itself, and we have watered down our textbooks while placing less and less emphasis on primary documentary material.

In order to understand the situation better and to provide opportunities for improvement, the National Endowment for the Humanities is inviting applications to establish an educational research center to study a wide range of questions concerning the teaching, learning, and materials available in the field of history in the schools.

SCOPE OF WORK

The mission of this center will be to collect data on what is taught and learned in the subject of history in elementary and secondary schools; to evaluate the substance, range, and thoroughness of instruction in history; to help determine the most effective methods to teach history; to help evaluate the scope and depth of texts and supplementary materials currently in classroom use; to evaluate the training and continuing education of history teachers; and to help provide leadership in encouraging the use of this information in improving the teaching of history in our nation's public and private schools.

We expect the center to conduct an investigation appropriate for all grades, K through 12, in both public and private schools. Moreover, the center will need to construct a research agenda that best reflects the current status and need of the subject.

The center will receive funding from NEH for three years, at a cost of no more than \$500,000 per year. It is expected that findings, results, and products will be regularly disseminated, beginning in the first year. There should be clear statements in the proposal of what will be accomplished during each of the years of the award.

The recipient of the award will be expected to work closely with NEH on the refinement of the center's mission and plan of operation. The center will also be expected to seek the Endowment's cooperation in the dissemination of the research findings to schools, teachers, scholars, and administrators. For these reasons the award will be in the form of a cooperative agreement.

#### SUGGESTED AREAS OF EMPHASIS

The Endowment is particularly interested in understanding how best to re-emphasize those materials and content traditionally associated with the discipline of history. This would include a proper understanding of the importance of a thorough knowledge of American history with appropriate emphases on significant political, social, economic, and diplomatic events; the need for students to know the scope and breadth of Western Civilization and to understand its relationship to world history; the role of chronology and its importance; the central role of primary documents, texts, and ideas in studying history; and the need for the integration into a coherent historical narrative of the best of recent scholarship on ethnic groups, minorities, and women.

Moreover, we are interested in knowing about the changes in the preparation, certification, and continuing education of history teachers; the character and usefulness of available texts and supplementary classroom materials; the character and topics covered in courses labeled "social studies;" the ways in which history offerings vary among academic, vocational, and general education curricula; and the other demands made on the school curriculum that affect the teaching of history at all levels.

#### EXPECTED OUTCOMES

Research conducted by this center will be expected to help illuminate the concerns expressed in the previous two sections and, in the process, to achieve the following:

- a) Summarize and evaluate the current state of the discipline, K-12;
- b) Identify effective approaches for the teaching of history in the various grades;
- c) Identify principles by which teachers and administrators can determine appropriate instructional materials and topics;
- d) Heighten awareness among schools and teachers regarding what should be taught and learned; and

- e) Disseminate its findings in ways that are useful for teachers and administrators as well as scholars, education policymakers, and parents.

#### PROPOSAL FORMAT

A complete application consists of six parts, which are listed below and then separately discussed:

1. Application cover sheet
2. Abstract
3. Narrative
4. Budget
5. Assurances
6. Appendices

1. The Application Cover Sheet. One copy of the required cover sheet is included as Attachment 1 to this solicitation. This sheet should be the first page in each set of application materials.

2. Abstract. The second page of the proposal should be an abstract of no more than 500 words. The abstract should briefly describe the research agenda for the center, the activities proposed to carry out the mission of the center, and the desired outcomes of the center's activities.

3. Narrative. The narrative should include the following sections:

a. Mission Statement. Applicants are invited to address the research priorities set forth in the Background, Scope of Work, Suggested Areas of Emphasis, and Expected Outcomes, and from these to construct a coherent statement on the mission and objectives of the proposed center. This statement must describe specific goals and discuss how they relate to the activities proposed for the center. Specific hypotheses and research questions that will guide the work of the center should be an integral part of this statement.

b. Plan of Operation. Applicants must provide a detailed description of the principal tasks to be undertaken at the center, together with a schedule showing when each of the activities will be completed. There should be a clear, logical progression to the proposed tasks, and it should be clear how these tasks relate to the center's overall mission and how they will lead to specific products and reports. Evidence should be provided that the center will be able to attract the sustained attention of the best researchers and that the center's research will provide educators with findings that are immediately useful in the classroom.

c. Institutional Capacity. Applicants should demonstrate how the resources at their disposal will contribute to the accomplishment of the goals set for the center. At a minimum, applicants should have access to a comprehensive research collection on the teaching and learning of history and to national data files containing pertinent information on the topics proposed for study.

d. Personnel. Applicants must identify the project staff and key consultants, as well as the individual who will serve as project director. Each person's qualifications should be described, and selection criteria should be provided for those positions not filled at the time application is made. Full vitae should be included as an appendix, as should documentation of the commitment of key consultants to the center.

e. Dissemination Plan. Applicants are asked to provide a plan for the dissemination of the findings of the center. The plan should demonstrate how teachers, administrators, scholars, educational policymakers, textbook publishers, and parents will learn of the results of the center's research, and how they will be able to apply these research findings to the improvement of history education in the nation's schools.

4. Budget. A detailed budget on the form included in Attachment 2 to this solicitation is central to the application. A narrative should accompany the budget demonstrating that costs are reasonable in relation to the objectives for the center and that the budget is adequate to support the proposed activities.

5. Assurances. Each applicant must assure that it will comply with the requirements contained in Attachment 3, Assurances, as they relate to the application, acceptance, and use of federal funds for the center program.

6. Appendices. All supporting information not included in the previous sections should be included as appendices to the proposal.

#### EVALUATION PROCESS AND REVIEW CRITERIA

Proposals will be evaluated by a panel of scholars, teachers, and educational policymakers selected by the Endowment. The comments of the panel are assembled by NEH staff, who provide additional commentary on policy matters or on other issues that would otherwise be missing from the review. These materials are then presented to the National Council on the Humanities, which meets to advise the Endowment's Chairman about the funding of applications. The Chairman, taking into account the advice provided by this review process, makes the final decision about funding.

Proposals will be evaluated according to the criteria set forth below:

1. Mission and approach. The applicant successfully articulates the overall goals for the center and the specific

objectives to be accomplished during the three-year period of the project. In doing so, the applicant displays a comprehensive understanding of the current status of history instruction in the nation's schools.

2. Plan of operation. The applicant sets forth a feasible strategy for achieving each objective. The management plan ensures the appropriate and efficient administration of the center's operations by demonstrating how the applicant will use its resources and personnel to achieve each objective.

3. Institutional capacity. The applicant demonstrates that the organization has the resources necessary to sustain a long-term, high-quality, and coherent program of research and dissemination.

4. Quality of staff. The application provides convincing evidence of the key staff's historical scholarship, leadership in education, experience in educational research, knowledge about history programs, and ability to work effectively with schools.

5. Dissemination plan. The applicant provides a detailed plan describing the audience for whom the center's findings will be useful and explains the strategy to be followed in reaching this audience.

6. Budget. The applicant successfully demonstrates that the budget for the center is adequate to support the project activities and that costs are reasonable in relation to the objectives of the project.

#### WHO MAY APPLY

Eligible applicants include: institutions of higher education, institutions of higher education in combination with nonprofit organizations, or nonprofit organizations having the organizational capability to conduct the proposed research.

#### WHERE TO APPLY

Ten copies of each proposal should be sent to:

Office of Planning and Budget  
National Endowment for the Humanities  
Room 403  
1100 Pennsylvania Avenue, N.W.  
Washington, D.C. 20506

Questions concerning the application process should be directed to Jeffrey Thomas of NEH's Office of Planning and Budget (202/786-0428).



# DEADLINE FOR SUBMISSION OF PROPOSALS

All copies of proposals must be received in Room 403 of NEH not later than 5:00 p.m. on December 8, 1987. Applicants will be notified of the decision on their proposal in mid-March. Accordingly, projects should be scheduled to begin no sooner than April 1, 1988.

NATIONAL ENDOWMENT FOR THE HUMANITIES  
OFFICIAL NOTICE OF ACTION

WARD RECIPIENT	ACTION TAKEN: Cooperative Agreement		DATE OF ACTION: 04/01/88
	ID NUMBER:		
	Agreement Period FROM 4/1/88 THRU 3/31/91		
	FUNDING OUTRIGHT \$500,000.00 GIFT \$ FEDERAL MATCH \$ TOTAL AWARDED \$500,000.00		
ROJECT DIRECTOR			
ROJECT TITLE			FEDERAL MATCHING FUNDS AMOUNT OFFERED \$ N/A OFFER EXPIRES

**EMARKS:**

This Cooperative Agreement (hereinafter "Agreement") between the National Endowment for the Humanities ("NEH") and \_\_\_\_\_ hereinafter "Administrator" is entered into pursuant to the National Foundation on the Arts and Humanities Act of 1965, as amended.

Instructions for the submission of financial reports will be found in Enclosure 1 and on the financial reporting forms.

A complete schedule of report due dates appears in Section 5(f)(iii) of this Agreement.

Payment of this Cooperative Agreement will be made on a letter-of-credit basis. Information on the methods of payment and instructions for requesting payment will be found in Enclosure 1.

Name and Title

FOR AGENCY USE ONLY:

### AWARD RECIPIENT

ADMINISTRATOR:

### SPECIAL CONDITIONS

The following conditions and provisions apply to this Agreement:

#### SECTION 1 - Purpose and Objectives of the Center

#### SECTION 2 - Incorporation of Application

Additionally incorporated and made a part of this Cooperative Agreement is the NEH solicitation entitled Applications for Cooperative Agreement: \_\_\_\_\_, dated October 5, 1987, enclosed at Appendix A, the Administrator's Application, which includes the project budget, dated December 8, 1987, enclosed at Appendix B; and Articles 1-5, 7-18, 20, 22, 24, 26-30, of the NEH General Grant Provisions for Grants to Organizations (October 1985), enclosed at Appendix C. References in the General Grant Provisions to grant and grantee shall be read as cooperative agreement and administrator respectively for the purposes of this Agreement.

The Administrator should note that the administration of this Agreement and the expenditure of funds are also subject to:

- Uniform Administrative Requirements of OMB Circular A-110; and
- Cost Principles for Educational Institutions (OMB Circular A-21).

Copies of A-110 and A-21 may be obtained from the NEH Grants Office, Room 310.

#### SECTION 3 - Order of Precedence

In the event of a conflict among the provisions of the Agreement the following order of precedence shall govern:

- a. Special Conditions
- b. NEH Application for Cooperative Agreement: \_\_\_\_\_, dated October 5, 1987
- c. NEH General Grant Provisions as incorporated
- d. OMB Circulars A-110 and A-21
- e. Administrator's Application dated December 8, 1987

#### SECTION 4 - Project Period and Federal Funding

The project period will begin on April 1, 1985, and will extend through March 31, 1991. This Cooperative Agreement provides first year funding only. It is the

Endowment's intention to provide an additional \$500,000 for each of the second and third years of the Center's operations subject to availability of federal funds and the quality of the Administrator's performance as assessed by the Endowment.

The Administrator has the responsibility of ensuring that all project activities and the commitment of project funds take place within the three-year period of this Agreement. All obligations incurred under this Agreement shall be liquidated within ninety days after the end of this period.

#### SECTION 5 - Administrator's Responsibilities

- a. Scope of Work. The Administrator will provide the expertise of highly trained professionals

The conduct of this work requires substantial collaboration between the Administrator and the Endowment.

- b. Key Personnel. \_\_\_\_\_ will serve as the project director for the Administrator. He/she will be responsible for the project described in this Agreement.

The individuals named below are considered to be essential to the work being performed under this Agreement. Prior to diverting any of the specified individuals to other projects, the Administrator must notify the NEH project officer reasonably in advance of such proposed changes and must submit justification (including proposed substitutions, with evidence of qualifications) in sufficient detail to permit evaluation of the impact on the project. Similarly, any change of greater than five percent in the amount of time each of the named individuals will devote to the project requires the written consent of the NEH project officer.

<u>Name</u>	<u>Title</u>	<u>% of time (1st year)</u>
	Project Director	100%, 11 mos.
	Associate Director	33%, 9 mos.
		100%, 2 summer mos.
	Assistant Director	35%, 11 mos.

- c. Submission and Maintenance of Workplans. No later than May 27, 1988, the Administrator will develop in cooperation with the NEH project officer a detailed workplan for each of the projects/studies scheduled for year one and summary workplans for years two and three. The workplan will set forth the measurable objectives for each project/study, the major tasks planned to accomplish the objectives (including, but not limited to, meetings of Center Scholars and other advisory groups, data collection or analysis projects, and teacher institutes), time lines, project deadlines, work products, dissemination plans, and personnel responsible for each of the tasks. The summary workplans for years two and three will describe general objectives and timelines for new and ongoing projects and will outline dissemination strategies for the materials being developed in each of those years. The project director in

cooperation with the NEH project officer will develop final workplans for years two and three and submit them to the Endowment no later than February 15 of each year. Requests for substantive changes in any year's workplan during the course of each year will be submitted to the Endowment before the changes are made. Depending on the extend of the changes, the Endowment may request an updated workplan from the project director.

- d. Meetings of Center Scholars and other Advisory Groups. In cooperation with the NEH project officer, the project director may schedule meetings of the Center Scholars and any other formal advisory groups that may be constituted to provide recommendations concerning the work of the Center. The NEH project officer and the project director will be full participants in any meetings of the Center Scholars or other advisory groups.
- e. Office of Management and Budget Clearance. In the event the Administrator intends to use structured data collection instruments, interviews, or checklists to obtain information from ten or more individuals or organizations, approval may be required from the Office of Management and Budget (OMB). If such approval is required, the preparation of necessary clearance documents will be the responsibility of the Administrator. When that documentation is provided to NEH, the Endowment will seek clearance from OMB.
- f. Reports
  - i. In the interest of documenting the progress and effectiveness of the Center's plans for research and dissemination, the Administrator will provide the Endowment with interim performance reports. These reports will review progress and accomplishments in:
    - o The research and development program, including but not limited to research strategies and methodologies; research results; products; and dissemination of reports, analyses, and findings to date.
    - o The plan of operation, including but not limited to information summarizing activities of key personnel, Center Scholars, Teacher Associates, and program evaluations to date.
  - ii. No later than ninety days after the completion or termination of the Cooperative Agreement, the Administrator will submit a final narrative report, detailing accomplishments and outcomes of all the research studies and dissemination activities conducted under the auspices of the Center.
  - iii. The Administrator is responsible for all financial reporting and the maintenance of all financial records. Federal Cash Transactions Reports will be due at the end of each calendar quarter, and a Final Financial Status Report within ninety days after the completion of termination of this Agreement. All reports must refer to the identifying number of the Cooperative Agreement.

The following is a listing of the due dates of the reports required for this Cooperative Agreement. A copy of this listing should be forwarded to those individuals responsible for the submission of the required reports.

Interim Performance Report	07/31/88
Federal Cash Transactions Report	07/31/88
Interim Performance Report	10/31/88
Federal Cash Transactions Report	10/31/88
Interim Performance Report	01/31/89
Federal Cash Transactions Report	01/31/89
Annual Workplan Update	02/15/89
Interim Performance Report	04/30/89
Federal Cash Transactions Report	04/30/89
Interim Performance Report	07/31/89
Federal Cash Transactions Report	07/31/89
Interim Performance Report	10/31/89
Federal Cash Transactions Report	10/31/89
Interim Performance Report	01/31/90
Federal Cash Transactions Report	01/31/90
Annual Workplan Update	02/15/90
Interim Performance Report	04/30/90
Federal Cash Transactions Report	04/30/90
Interim Performance Report	07/31/90
Federal Cash Transactions Report	07/31/90
Interim Performance Report	10/31/90
Federal Cash Transactions Report	10/31/90
Interim Performance Report	01/31/91
Federal Cash Transactions Report	01/31/91
Final Financial Report	06/30/91
Final Performance Report	06/30/91

The original and one copy of both interim and final performance reports should be forwarded to the NEH Grants Office, Room 310. The original and two copies of the final financial report should be forwarded to the NEH Grants Office, Room 310. The Federal Cash Transactions Reports should be forwarded to the NEH Accounting Office, Room 317. The annual workplan updates should be sent to Jeffrey D. Thomas, Office of Planning and Budget, Room 403.

g. Copyright - Work Products. Any books, publications, data, films, or other work products developed during this Agreement shall not be copyrighted and will be considered in the public domain. Exceptions to this provision shall be made if the NEH project officer and the project director determine that the copyrighting of a product will assure the widest dissemination of that product.

#### SECTION 6 - The Endowment's Responsibilities - NEH Project Offices

- a. The NEH project officer is responsible for the substantive oversight of the project and for liaison with the Center.

- b. The NEH project officer is not authorized to make any commitments or otherwise obligate the Endowment or authorize any changes that affect the amount, terms, or conditions of the Cooperative Agreement. The Chairman of the Endowment has sole authority to make such changes.
- c. The name and address of the NEH project officer is:

Jeffrey D. Thomas  
Office of Planning and Budget  
National Endowment for the Humanities  
1100 Pennsylvania Avenue, N.W. - Rm. 403  
Washington, D.C. 20506
- d. The project officer may be changes by the Endowment at any time, but notification of the change, including the name and address of the successor, will be provided to the Administrator in writing.

#### SECTION 7 - Joint Responsibilities

- a. Project Oversight. The project director and the NEH project officer will cooperate in the development of the Center's workplans and in the oversight of all aspects of the Center's operations. Any changes which constitute an assignment of additional work outside the general scope of the agreement, or cause an increase or decrease in the total estimated cost on the time required for the performance of work, or change any of the expressed terms, conditions, or specifications of the Agreement, must be mutually agreed to by both parties in a signed amendment to the Agreement.
- b. Work Products. The project director will submit three copies of the drafts of all work products to the NEH project officer for review and approval . Approval of NEH signifies that the work products have been completed in a responsible, scholarly manner and meet the agreed upon objectives of the Center. Three copies of the final version of each deliverable will be provided to the NEH project officer in advance of publication.

Work products not approved by the NEH project officer may, at the Administrator's option, be published independently, provided such publications are not identified as products of the Center.

#### SIGNATURES

\_\_\_\_\_  
Institutional Grant Administrator:

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Typed Name)

\_\_\_\_\_  
(Date)

Project Director:

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Typed Name)

\_\_\_\_\_  
(Date)

NATIONAL ENDOWMENT FOR THE HUMANITIES

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
Lynne V. Cheney

\_\_\_\_\_  
(Date)





"SHIFTING GEARS: The Changing Meaning of Work in Massachusetts,  
1920-1980"

MEMORANDUM OF UNDERSTANDING  
by and between  
THE COMMONWEALTH OF MASSACHUSETTS DEPARTMENT OF ENVIRONMENTAL MANAGEMENT  
and the  
MASSACHUSETTS FOUNDATION FOR HUMANITIES AND PUBLIC POLICY

Whereas the Department of Environmental Management is authorized under Chapter 132A of the General Laws to construct and maintain public recreational facilities, a portion of which are urban Heritage State Parks; and whereas,

The Massachusetts Foundation for Humanities and Public Policy holds a charter as a non-profit educational corporation under Chapter 180 of the General Laws; and whereas,

There is a community of interest between the two groups to carry out an historic research and public education project,

Therefore, the aforementioned parties enter into the following memorandum of understanding:

SECTION A: Objectives

The project has the following four objectives to be realized within the context of the exploration of the project's theme, as elaborated in the selected scholars' proposals:

1. To conduct an inventory of historical and cultural resources and reconstruct the recent history of the communities of residence with the active involvement and assistance of the Heritage State Park (HSP) staff and local residents;

2. To provide training for HSP staff and local residents in historical research, analysis and program development;

3. To collaborate with park staff to disseminate the findings of the research to the general public on an ongoing basis through public programming and publicity; and,

4. To develop and present programs based on the research specifically for local teachers.

SECTION B: Operating Principles

It is understood and agreed that the success of the project depends on close cooperation and mutual respect between the scholar and park staff. To that end, the following principles will govern the day to day work of the project:

1. The Scholar will divide his/her time equally between research and public programs over the course of the project;

2. The Scholar, park Visitor Services Supervisor, DEM Chief of Interpretive Services, and the Project Director will meet regularly to monitor progress, review written reports, and to evaluate the project;

3. All programs and other uses of park resources shall be cleared through the Park Supervisor;

4. All publically disseminated materials related to this project shall contain the following credit line: "supported by the Commonwealth of Massachusetts Department of Environmental Management"; and,

5. The Scholar shall be considered an integral member of the park team. It should be noted, however, that it is not the Scholar's role to supplement staff resources for the regular operation of the park.

#### SECTION C: Responsibilities of the Parties

The parties to this agreement and the Scholars hired by the Foundation for this project shall have specific responsibilities. These are articulated below.

1. The Department of Environmental Management (DEM) shall:

a. Provide the Scholars with workable office space which shall include: office furnishings, file space, access to a telephone, use of a typewriter, and access to a photocopy machine for the duration of the project. Office hours shall conform to the operating hours of the parks;

b. Provide park maintenance, security and space for approved public programs related to the project;

c. Participate in monthly meetings as set forth in SECTION B,2 above;

d. Provide publicity and public information services;

e. Subject to a specific FY 1989 appropriation in the FY 1989 budget, provide \$25,000.00 (twenty-five thousand dollars) to support public programming for the project between July 1, 1988 and June 30, 1989; and,

f. Inform MFH&PP of any changes in park operation that would affect the project.

2. The Massachusetts Foundation for Humanities and Public Policy (MFH&PP) shall:

a. Provide the Scholars' salary, reimbursement for all long distance telephone calls, consumable office supplies (including photocopy paper), postage, out-of-pocket expenses associated with public programming (including honoraria or fees for presenters and refreshments), expenses related to the typesetting, printing and graphic design of project materials, and expenses related to research (including books, tapes, tape recorders and computer time);

b. Require the Project Manager to participate in regular meetings as set forth in SECTION B,2 above;

c. Provide ongoing supervision for the Scholars' work;

d. Insure that the Scholars' work shall be of consistently high quality; and,

e. Consult with DEM on all future funding matters and any changes in project budget, content or direction.

3. In addition to any above mentioned or implied responsibilities, each Scholar-in Residence (Scholar) shall:

a. Conform to DEM policies and regulations unless previously exempted;

b. Provide a weekly work schedule to park staff indicating the Scholar's location during working hours;

c. Submit for approval Program Planning sheets for all public programs, and conform whenever possible to timetables for the HSP calendar;

d. Divide time equally between research and public programming over the course of the project. Said research and programming shall be defined and developed in conformance with the goals and objectives set forth in this agreement; and,

e. Prepare and circulate detailed written progress reports at least once every six months and at the conclusion of the project.

#### SECTION D: Selection and Termination of Scholars

##### Selection of Scholars

The Scholars shall be selected by a Search Committee established by the Project Advisory Committee. The Search Committee shall be composed of: one representative of the Massachusetts Council on the Arts and Humanities, one representative of DEM, the Project Director, one representative of the MFH&PP Executive Committee, and one representative of the Project Advisory Committee. The Park Supervisor for the relevant park shall be a non-voting member of the Search Committee.

##### Termination of a Scholar's Appointment

Abrogation of the terms set forth in SECTIONS B and C of this agreement shall be considered grounds for the termination of a Scholar's residency in the Heritage State Park prior to the conclusion of the project period. Termination of a Scholar's residency shall be subject to the approval of both parties to this agreement.

The party wishing to terminate the Scholar's residency shall show cause by providing a list of violations of this agreement by the Scholar to the other party. A copy of this list of violations shall also be provided to the Scholar.

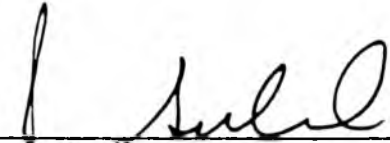
Should both parties agree to the said termination of residency, the Scholar shall be given reasonable notice in writing.

Should both parties not agree, every effort will be made to reach an agreement.

SECTION E: Period During Which This Agreement is in Force

This agreement shall be in force from the date of the signing of this agreement by all parties, until terminated by mutual agreement or by the conclusion of the project, which date shall be no later than June 30, 1989.

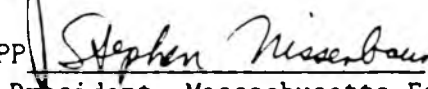
Signed, for DEM



Date Jan 6 1988

James G. Gutensohn, Commissioner, Department of Environmental Management

Signed, for MFH&PP



Date December 21, 1987

President, Massachusetts Foundation for Humanities & Public Policy

IV-G: ADP/DSP Materials Packet

## DSP APPLICATION COVER SHEET

TYPE OF PROJECT:      Major      Mini      Packaged

STATE COUNCIL No.: \_\_\_\_\_

FINAL ACTION

NEH GRANT No: SO- \_\_\_\_\_

Fund  
Reject

STATE COUNCIL APPLICATION No.: \_\_\_\_\_

DECISION DATE:    /    /

## APPLICANT INFORMATION:

Congressional District:  
(of Primary Sponsor)

Name of Project Director:

Name of Co-Project Director:

Institution/Primary Sponsor:  
Individual:

Institution Type:

Name of Co-Sponsor      :

Institution Type:

Location(s) of Project (City[ies]/Town[s]):

## BUDGET

	Outright	Matching	Cost-share	Cost-share In-kind	Total Project Cost
Requested:	_____	_____	_____	_____	_____
Awarded :	_____	_____	_____	_____	_____

PROJECT TITLE:(Do not exceed 2 lines of 79 characters each)

Project Date(s)      : From:    /    /      To:    /    /

PROJECT DESCRIPTION: (Do not exceed 8 lines of 60 characters each. We recommend elite type.

IPLINE(S):

AUDIENCE(S):

TOPIC(S)

FORMAT(S)

a.	a.	a.	a.
b.	b.	b.	b.
c.	c.	c.	c.

Instructions for the Preparation of the Division  
of State Programs' Application Cover Sheets

SECTION 1.

TYPE OF PROJECT:

MAJOR - Enter those projects which your council has assigned to this category either in your guidelines or according to predetermined dollar amounts.

MINI - Enter those projects which your council has assigned to this category either in your guidelines or according to pre-determined dollar amounts.

PACKAGED - Enter those "packaged" programs (films, exhibits, speakers, etc.) which are offered by the council, whether circulating from a resource center or not. Submit a different sheet for each award. Fill out all the information for the first instance. On subsequent occurrences you may omit the description, disciplines and topics as these will be generated by our computer when it recognizes the title. You will have the option of indicating different audiences and formats as well as the location, sponsor etc.

STATE COUNCIL NO.: - Enter the three digit number which has been assigned by the Division of State Programs to your council (e.g. Missouri = 926 ).

NEH GRANT NO. SO-: Enter the SO- number of the NEH grant providing the funds for this project ( e.g., SO-00000-00).

STATE COUNCIL APPLICATION NO.: - Enter the number your council has assigned to the application during your own review process.



FINAL ACTION

FUND - Include all applications awarded council funds (outright and/or matching ) and those applications reviewed by your council and awarded non-federal funds under the control of the council (e.g. foundations grants to the council for initiatives).

REJECT - Include both those applications which the council rejected and those which were funded but were declined by the applicant or cancelled before completion.

DECISION DATE: Enter the date of the council meeting at which the application was reviewed. This is to be used for both FUNDED and REJECTED applications.

SECTION 2. APPLICANT INFORMATION

NAME OF PROJECT DIRECTOR: - Last name, first name, and middle initial.

NAME OF CO-PROJECT DIRECTOR: - Last name, first name, and middle initial (if applicable).

CONGRESSIONAL DISTRICT: Enter the congressional district of the primary sponsor.

INSTITUTION/PRIMARY SPONSOR: If you use abbreviations try to be consistent.

INDIVIDUAL: Last name, first name, and middle initial. Enter only if this is an application from an individual and there is no institutional sponsor involved.

INSTITUTIONAL TYPE: Enter the appropriate two-digit code from the list provided by the Division of State Programs.

NAME OF CO-SPONSOR: If applicable.

CO-SPONSOR INSTITUTIONAL TYPE: - If applicable.

LOCATION(S) OF PROJECT (CITY[IES]/TOWN[S]): List all sites where project activities will occur. These will be assumed to be within the state; unless specifically identified as otherwise.

**SECTION 3. BUDGET** - This must be filled out for both FUNDED and REJECTED applications

**REQUESTED:** Outright - Enter the amount requested by the applicant.  
Matching - Enter the amount requested by the applicant.  
Cost-share - Enter cash donated by the applicant and third party gifts to the applicant.  
Cost-share In-kind - Enter the equivalent monetary value of donated services, time and materials.

Total Project Cost - Total all columns.

For REJECTED applications this information suffices.

**AWARDED** - In the case of all funded applications, follow the instructions for the requested amounts, but enter in each case the actual figures awarded by the council.

**SECTION 4.**

**PROJECT TITLE:** - This must be filled out for both AWARDED and REJECTED applications.

As there will be No project description printed out for the REJECTED applications be sure that the titles for those projects are self-explanatory. You may substitute a more informative "working title" for these applications if you wish.

**PROJECT DATE(S):** - This must be filled out for both FUNDED and REJECTED applications. Enter the beginning and ending date of each month of the project (e.g. 01/01/88 - 05/30/88).

**SECTION 5.**

**PROJECT DESCRIPTION** - For all FUNDED applications. Write as informative and complete a description as the space will allow. Every FUNDED project must have a project description, whether the title is self-explanatory or not.

You do not need to write a project description for REJECTED applications.

SECTION 6.

Although we continue to prefer that you be as specific as you can be in filling in these categories we are including a code list as a guide for those of you who are computerizing your forms.

DISCIPLINE(S) - Enter the academic discipline(s) of the project scholars/personnel.

AUDIENCE(S) - Be as specific as possible.

TOPIC(S) - Enter the major topics to be covered in the project.

FORMAT(S) - Be as specific as possible.

DSP APPLICATION COVER SHEET  
FUNDED

TYPE OF PROJECT:

APPLICATION NO.:  
NEH GRANT NO.:  
STATE GRANT NO.:

NAME OF PROJECT DIRECTOR:  
CO-PROJECT DIRECTOR:

DECISION DATE:

INSTITUTION/PRIMARY SPONSOR:  
INSTITUTION TYPE:

NAME OF CO-SPONSOR:  
CO-SPONSOR INSTITUTION TYPE:

LOCATION(S) OF PROJECT:

PROJECT TITLE:

PROJECT DATES: FROM:

TO:

BUDGET:

	<u>OUTRIGHT</u>	<u>MATCHING</u>	<u>COST-SHARE CASH</u>	<u>COST-SHARE IN-KIND</u>	<u>TOTAL</u>
REQUESTED					

AWARDED

NEH FUNDED TOTAL:

PROJECT DESCRIPTION:

DISCIPLINE(S)

AUDIENCE(S):

TOPIC(S)

FORMAT(S)

3032S

STATE HUMANITIES COUNCIL  
PROJECT CATALOG

REJECTED

TYPE OF PROJECT  
NAME OF PROJECT DIRECTOR:  
PRIMARY SPONSOR:  
PRIMARY SPONSOR INSTITUTION TYPE:

APPLICATION NO.:  
NEH GRANT NO.:  
STATE GRANT NO.:  
CONGRESSIONAL DISTRICT:

CO-SPONSOR:  
CO-SPONSOR INSTITUTION TYPE:

DECISION DATE:

TITLE:

PROJECT DATES:  
LOCATIONS:

DISCIPLINES

TOPICS

AUDIENCE

FORMATS

BUDGET AMOUNTS

OUTRIGHT

MATCHING

COST-SHARE  
CASH

COST-SHARE  
IN-KIND

REQUESTED

TYPE OF PROJECT  
PRIMARY SPONSOR:  
PRIMARY SPONSOR INSTITUTION TYPE:

APPLICATION NO.:  
NEH GRANT NO.:  
STATE GRANT NO.:  
CONGRESSIONAL DISTRICT:

CO-SPONSOR:  
CO-SPONSOR INSTITUTION TYPE:

DECISION DATE:

TITLE:  
NAME OF PROJECT DIRECTOR:

PROJECT DATES:  
LOCATIONS:

DISCIPLINES

TOPICS

AUDIENCE

FORMATS

BUDGET AMOUNTS

OUTRIGHT

MATCHING

COST-SHARE  
CASH

COST-SHARE  
IN-KIND

REQUESTED

\*\*\*\*\*

\*\*\*\*\*  
\* STATE PROFILE \*  
\*\*\*\*\*

FOLLOWING OPTIONS WERE SELECTED IN THIS RUN  
Funds Type: FEDERAL State:  
Dates: 01/01/87 - 12/31/87

\*\*\*\*\*

## STATE HUMANITIES COMMITTEE STATISTICAL PROFILE

State:

Dates: 01/01/87 - 12/31/87

\*\*\*\*\*

## PROJECT TYPE MAJOR

	NUMBER	OUTRIGHT	MATCH
	-----	-----	-----
Applications received:	36	230,079.78	3,500.00
Grants awarded:	20	78,968.89	1,500.00
Percentage of total:	55.55	34.32	42.85

## RANGE IN OUTRIGHT GRANT SIZE

## AMOUNT AWARDED

	AMOUNT AWARDED
	-----
Lowest:	1,021.65
Median:	4,100.00
Highest:	7,480.96

\*\*\*\*\*

## PROJECT TYPE MINI

	NUMBER	OUTRIGHT	MATCH
	-----	-----	-----
Applications received:	19	32,043.37	.00
Grants awarded:	16	20,209.10	1,372.50
Percentage of total:	84.21	63.06	.00

## RANGE IN OUTRIGHT GRANT SIZE

## AMOUNT AWARDED

	AMOUNT AWARDED
	-----
Lowest:	238.50
Median:	1,099.95
Highest:	3,600.00

\*\*\*\*\*

## PROJECT TYPE PACKAGED

	NUMBER	OUTRIGHT	MATCH
	-----	-----	-----
Applications received:	56	15,296.76	4,325.00
Grants awarded:	56	13,687.68	3,309.00
Percentage of total:	100.00	89.48	76.50

## RANGE IN OUTRIGHT GRANT SIZE

## AMOUNT AWARDED

	AMOUNT AWARDED
	-----
Lowest:	56.72
Median:	239.72
Highest:	750.00

\*\*\*\*\*

## TOTALS

	NUMBER	OUTRIGHT	MATCH
	-----	-----	-----
Applications received:	111	277,419.91	7,825.00
Grants awarded:	92	112,865.67	6,181.50
Percentage of total:	82.88	40.68	78.99

## RANGE IN OUTRIGHT GRANT SIZE

## AMOUNT AWARDED

	AMOUNT AWARDED
	-----
Lowest:	56.72
Median:	350.00
Highest:	7,480.96

NOTE: Counts given in the following summary(ies) do not necessarily correspond with the total number of applications or awards. The report accounts for all categories or fields identified in each project. The maximum number of categories possible for each project is shown in parenthesis at the top of the list(s) Because percentages are rounded, totals may not be exactly 100%.



For state:

07/26/88

Participants/Audience (3)

	APPLICATIONS	AWARDS & PERCENTAGES OF TOTAL AWARDS	
Community Group	5	2	1.80
General Public	104	90	81.08
Govt. Officials/Community Leaders	3	0	0.00
Minority/Ethnic Groups/Women	16	12	10.81
Occupational/Professional Groups	3	1	0.90
Scholarly Community	5	4	3.60
Teachers (K - 12)	2	2	1.80
TOTALS	138	111	99.99

For state:

07/26/88

Institutional sponsors (1) & co-sponsors (1)

	APPLICATIONS	AWARDS & PERCENTAGES OF TOTAL AWARDS	
Ad HOC Groups	7	7	6.60
Business/Foundations/Civic Organizations	21	20	18.86
Cultural Institutions (e.g. museums, libraries, historical societies)	44	36	33.96
Education (elementary-secondary)	7	7	6.60
Government (state, local, federal)	3	3	2.83
Higher Education/Research or Scholarly Inst.	22	18	16.98
Media (Radio, TV, Film)	7	3	2.83
Medical/Health/Social Services/Religious Organizations	5	4	3.77
Professional/ Occupational Organizations (labor, agricultural, legal)	2	1	0.94
Other institutions	9	7	6.60
TOTALS	127	106	99.97

For state:

07/26/88

Project formats (3)

	APPLICATIONS	AWARDS & PERCENTAGES OF TOTAL AWARDS	
Audience Discussion/Debate	22	21	18.10
Conference/Panel/Seminar/Workshop	20	14	12.06
Education Projects (Teach Inst/Curr Dev etc)	1	1	0.86
Exhibit/Site Interpretation	3	3	2.58
Lecture/Discussion	51	50	43.10
Media Production	15	8	6.89
Performance/Historical Dramatization	12	11	9.48
Print Media/Publishing/Scholarly Editing	4	2	1.72
Research/Fellowship/Oral History/Interviews	3	2	1.72
Other Formats	8	4	3.44
TOTALS	139	116	99.95

For state:

07/26/88

Disciplines involved in projects (3)

	APPLICATIONS	AWARDS & PERCENTAGES OF TOTAL AWARDS	
Anthropology/Folklore	25	23	12.16
Arts, History and Criticism	11	8	4.23
Education	7	5	2.64
History	61	53	28.04
Interdisciplinary/Multidisciplinary	6	4	2.11
Jurisprudence	1	1	0.52
Languages/Linguistics	5	5	2.64
Literature	30	28	14.81
Philosophy	11	9	4.76
Religion/Comparative Religion	7	6	3.17
Social Sciences	41	32	16.93
Other Disciplines	21	15	7.93
TOTALS	226	189	99.94

For state:

07/26/88

Project topics (3)

TOPICS -----	APPLICATIONS -----	AWARDS & PERCENTAGES OF TOTAL AWARDS -----	
Anthropology/Folklore/Folklife	27	26	13.97
Archaeology/Architectual History/ Historic Preservation	7	2	1.07
Arts, History and Criticism	10	8	4.30
Education	2	1	0.53
Ethics/Philosophy	9	7	3.76
Ethnic Studies (Native American, Hispanic, Asian, Afro-American, etc.)	9	6	3.22
History	7	7	3.76
History (United States only)	60	54	29.03
Jurisprudence	2	2	1.07
Languages/Linguistics	4	4	2.15
Literature	18	18	9.67
Political Studies/International Studies/ Social Sciences	29	24	12.90
Public Issues/Environmental Studies	17	12	6.45
Religion/Comparative Religion	4	4	2.15
Women's Studies	7	7	3.76
Other Topics (Economics, Psychology, etc.)	4	4	2.15
TOTALS	216	186	99.94

For state:

07/26/88

Sponsor distribution by congressional dist.

	APPLICATIONS	AWARDS & PERCENTAGES OF TOTAL AWARDS	
01	69	61	66.30
02	39	31	33.69
OTHER	3	0	0.00
TOTALS	111	92	99.99

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\*\*\*\*\*  
\* STATE PROFILE \*  
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FOLLOWING OPTIONS WERE SELECTED IN THIS RUN  
Funds Type: NON-FEDERAL State:  
Dates: 01/01/87 - 12/31/87

\*\*\*\*\*

## STATE HUMANITIES COMMITTEE STATISTICAL PROFILE

State:

Dates: 01/01/87 - 12/31/87

\*\*\*\*\*

## TOTALS MAJOR

	NUMBER	TOTAL NON-FEDERAL FUNDS
	-----	-----
Applications received:	0	.00
Grants awarded:	0	.00
Percentage of total:	.00	.00

## RANGE IN NON-FEDERAL GRANT SIZE

## NON-FEDERAL FUNDS AWARDED

Lowest:	.00
Median:	.00
Highest:	.00

\*\*\*\*\*

## TOTALS MINI

	NUMBER	TOTAL NON-FEDERAL FUNDS
	-----	-----
Applications received:	0	.00
Grants awarded:	0	.00
Percentage of total:	.00	.00

## RANGE IN NON-FEDERAL GRANT SIZE

## NON-FEDERAL FUNDS AWARDED

Lowest:	.00
Median:	.00
Highest:	.00

\*\*\*\*\*

## TOTALS PACKAGED

	NUMBER	TOTAL NON-FEDERAL FUNDS
	-----	-----
Applications received:	2	835.00
Grants awarded:	2	835.00
Percentage of total:	100.00	100.00

## RANGE IN NON-FEDERAL GRANT SIZE

## NON-FEDERAL FUNDS AWARDED

Lowest:	405.00
Median:	430.00
Highest:	430.00

\*\*\*\*\*

## TOTALS

	NUMBER	TOTAL NON-FEDERAL FUNDS
	-----	-----
Applications received:	2	835.00
Grants awarded:	2	835.00
Percentage of total:	100.00	100.00

## RANGE IN NON-FEDERAL GRANT SIZE

## NON-FEDERAL FUNDS AWARDED

Lowest:	405.00
Median:	430.00
Highest:	430.00



NOTE: Counts given in the following summary(ies) do not necessarily correspond with the total number of applications or awards. The report accounts for all categories or fields identified in each project. The maximum number of categories possible for each project is shown in parenthesis at the top of the list(s) Because percentages are rounded, totals may not be exactly 100%.

For state:

07/26/88

Participants/Audience (3)

	APPLICATIONS	AWARDS & PERCENTAGES OF TOTAL AWARDS	
General Public	2	2	100.00
TOTALS	2	2	100.00

For state:

07/26/88

Institutional sponsors (1) & co-sponsors (1)

	APPLICATIONS	AWARDS & PERCENTAGES OF TOTAL AWARDS	
Professional/ Occupational Organizations (labor, agricultural, legal)	1	1	50.00
Other institutions	1	1	50.00
TOTALS	2	2	100.00

For state:

07/26/88

Project formats (3)

	APPLICATIONS	AWARDS & PERCENTAGES OF TOTAL AWARDS	
Lecture/Discussion	2	2	100.00
TOTALS	2	2	100.00

For state:

07/26/88

Disciplines involved in projects (3)

	APPLICATIONS	AWARDS & PERCENTAGES OF TOTAL AWARDS	
Social Sciences	2	2	100.00
TOTALS	2	2	100.00

For state:

07/26/88

Project topics (3)

TOPICS	APPLICATIONS	AWARDS & PERCENTAGES OF TOTAL AWARDS	
Anthropology/Folklore/Folklife	2	2	50.00
Ethnic Studies (Native American, Hispanic, Asian, Afro-American, etc.)	2	2	50.00
TOTALS	4	4	100.00

For state:

07/26/88

Sponsor distribution by congressional dist.

	APPLICATIONS	AWARDS & PERCENTAGES OF TOTAL AWARDS	
02	2	2	100.00
TOTALS	2	2	100.00

ADP APPLICATION COVER SHEET

Code Lists

State Committee Codes

AL	901	MT	927
AK	902	NE	928
AZ	903	NV	929
AR	904	NH	930
CA	905	NJ	931
CO	906	NM	932
CT	907	NY	933
DE	908	NC	934
DC	909	ND	935
FL	910	OH	936
GA	911	OK	937
HI	912	OR	938
ID	913	PA	939
IL	914	RI	940
IN	915	SC	941
IA	916	SD	942
KS	917	TN	943
KY	918	TX	944
LA	919	UT	945
ME	920	VT	946
MD	921	VA	947
MA	922	WA	948
MI	923	WV	949
MN	924	WI	950
MS	925	WY	951
MO	926	PR	952

U. S. Virgin Islands 956



## AUDIENCE

	Asian Americans
A02	Black Americans
A03	Community Leaders
A04	Criminal Offenders
A05	Elderly
A06	Elementary/High School Students
A07	Ethnic Groups (other)
A08	Government Officials
A09	Hispanic Americans
A10	Labor
A11	Native Americans
A12	Professional Groups
A13	Rural Community
A14	Scholarly Community
A15	Special Groups
A16	Teachers (K-12)
A17	Urban Community
A18	Youth
A19	Women
A20	General Public
A21	Other Audiences

## Formats

	Audience Discussion
A02	Conference/Seminar
C03	Curriculum Development
C04	Discussion Guide
C05	Exhibit
C06	Film/Discussion
C07	Humanist-in-Residence
C08	In-school Project
C09	Lecture/Discussion
C10	Oral History/Interviews
C11	Performance (arts)
C12	Planning Grant
C13	Print Media
C14	Public Dialogue
C15	Radio
C16	Reading/Discussion
C17	Research
C18	Research/Fellowship
C19	Scholarly Editing/Publishing
C20	Site Interpretation/Tour
C21	Slide-tape Show
C22	Teachers' Institutes
C23	Television/Film
C24	Workshop
C25	Other

## TOPICS OF PROJECTS

B01	Anthropology
B02	Archaeology
B03	Architecture/Historic Preservation
B04	Area Studies (International Studies)
B05	Art History and Criticism
B06	Classics
B07	Economics (Finance, Taxes, Business Relations)
B08	Education (Educational Policy)
B09	Environmental Studies (Housing/Land/Population)
B10	Ethics
B11	Afro American Ethnic Studies
B12	Asian Ethnic Studies
B13	Hispanic Ethnic Studies
B14	Native American Ethnic Studies
B15	Other Ethnic Studies
B16	Film History and Criticism
B17	Folklore/Folklife
B18	Ancient History (Non-U.S.)
B19	African History (Non-U.S.)
B20	Asian History (Non-U.S.)
B21	European History (Non-U.S.)
B22	Latin American History (Non-U.S.)
B23	United States History
B24	Bicentennial History (U.S.)
B25	Quincentenary History (U.S.)
B26	Regional/Local History (U.S.)
B27	Social History (U.S.)
B28	Other History (Non-U.S.)
B29	Humanities, Science, Technology/ Biomedical Issues
B30	Jurisprudence
B31	Languages/Linguistics
B32	American Literature
B33	English Literature
B34	Romance Literature
B35	Other Literature
B36	Multidisciplinary Projects
B37	Philosophy
B38	Political Studies (Government, Urban Issues)
B39	Psychology
B40	Domestic Public Issues (Church/State; Family Problems; Labor/Employment; Rural Issues)
B41	International Public Issues
B42	Religion/Comparative Religion
B43	Sociology
B44	Urban Studies
B45	Women's Studies
B46	Other (e.g.--Aging, etc.)

DISCIPLINES (Field of Study)

Anthropology  
Area Studies (International Relations)  
D03 Archaeology  
D04 Arts/Architecture  
D05 Arts History and Criticism  
D06 Arts (Performance)  
D07 Classics  
D08 Economics  
D09 Education  
D10 Folklore/Folklife  
D11 History  
D12 Multidisciplinary  
D13 Jurisprudence  
D14 Philosophy  
D15 Languages/Linguistics  
D16 Literature  
D17 Political Science  
D18 Psychology  
D19 Religion/Comparative Religion  
D20 Sciences  
D21 Sociology  
D22 (Other) Social Sciences  
D23 Other Fields

INSTITUTION TYPES

E01 Education, Preschool-Secondary  
E02 Two-Year College  
E03 Four-Year College  
E04 University  
E05 Radio  
E06 Television  
E07 Library  
E08 Museum  
E09 Historical Society  
E10 Professional Organization  
E11 Government (State, Local, Federal)  
E12 Labor Organization  
E13 Foundation  
E14 Church/Religious Organization  
E15 Rural/Agricultural  
E16 Arts  
E17 Legal/Penal  
E18 Print Media  
E19 Political/Social Advocacy  
E20 Ad Hoc Group  
E21 Business/Corporation  
E22 Medical/Health/Social Service  
E23 Civic Organization  
E24 Film  
E25 Other Organization  
E26 Research/Scholarly Organization

## AUDIENCES

Asian Americans  
Black Americans  
College Students  
Community Leaders  
Criminal Offenders  
Elderly  
Elementary/High School Students  
Ethnic Groups  
General Public  
Government Officials  
Hispanic Americans  
Labor  
Native Americans  
Other Audiences  
Professional Groups  
Rural Community  
Scholarly Community  
Special Groups  
Teachers (K-12)  
Urban Community  
Women  
Youth Out-of-School

## STATISTICAL PROFILE ENTRIES

Minority/Ethnic Groups/Women  
Minority/Ethnic Groups/Women  
Scholarly Community  
Gov't Officials/Community Leaders  
Other Audiences  
Other Audiences  
Students  
Minority/Ethnic Groups/Women  
General Public  
Gov't Officials/Community Leaders  
Minority/Ethnic Groups/Women  
Occupational/Professional Groups  
Minority/Ethnic Groups/Women  
Other Audiences  
Occupational/Professional Groups  
Rural/Urban Community Groups  
Scholarly Community  
Special Interest Groups  
Teachers (K-12)  
Rural/Urban Community Groups  
Minority/Ethnic Groups/Women  
Youth (out of school)

## DISCIPLINES (Major Field)

Afro-American Studies  
American Studies  
Anthropology  
Archaeology  
Architectural History  
Art History and Criticism  
(includes Film History & Criticism)  
Arts (performance)  
Classics  
Economics  
Education  
Ethnic Studies  
Folklore/Folklife  
Geography  
History  
History of Science  
Humanities  
Interdisciplinary/Multidisciplinary  
International Studies  
Jurisprudence  
Languages/Linguistics  
Literature  
Music History and Criticism  
Other Disciplines  
Philosophy  
Political Science  
Psychology  
Religion/Comparative Religion  
Sciences  
Social Sciences  
Sociology  
Theatre History and Criticism  
Women's Studies

Ethnic Studies  
American Studies  
Anthropology/Folklore  
Archaeology  
Arts, History and Criticism  
Arts, History and Criticism  
Other Disciplines  
Other Disciplines  
Social Sciences  
Education  
Ethnic Studies  
Anthropology/Folklore  
Social Sciences  
History  
History  
Interdisciplinary/Multidisciplinary  
Interdisciplinary/Multidisciplinary  
Social Sciences  
Jurisprudence  
Languages/Linguistics  
Literature  
Arts, History and Criticism  
Other Disciplines  
Philosophy  
Social Sciences  
Social Sciences  
Religion/Comparative Religion  
Other Disciplines  
Social Sciences  
Social Sciences  
Arts, History and Criticism  
Other Disciplines

ATS

STATISTICAL PROFILE ENTRIES

Audience Discussion  
Book Discussion  
Conference  
Curriculum Development  
Debate  
Discussion Guide  
Exhibit  
Fellowship  
Film Discussion  
Film/TV/Video Production  
Historical Dramatization  
Humanist-in-Residence  
In-school Project  
Lecture/Discussion  
Newspaper Articles  
Oral History/Interviews  
Other Formats  
Panel Discussion  
Performance (arts)  
Planning Grant  
Print Media  
Radio Production  
arch  
larly Editing/Publishing  
Seminar  
Site Interpretation/Tour  
Slide-tape Show  
Teachers' Institute/Seminar  
Workshop

Audience Discussion/Debate  
Book/Film Discussion  
Conference/Panel/Seminar/Workshop  
Education Projects  
Audience Discussion/Debate  
Print Media/Publishing/Scholarly Editing  
Exhibit/Site Interpretation  
Research/Fellowship/Oral History/Interviews  
Book/Film Discussion  
Media Production  
Performance/Historical Dramatization  
Other Formats  
Education Projects  
Lecture/Discussion  
Print Media/Publishing/Scholarly Editing  
Research/Fellowship/Oral History/Interviews  
Other Formats  
Conference/Panel/Seminar/Workshop  
Performance/Historical Dramatization  
Other Formats  
Print Media/Publishing/Scholarly Editing  
Media Production  
Research/Fellowship/Oral History/Interviews  
Print Media/Publishing/Scholarly Editing  
Conference/Panel/Seminar/Workshop  
Exhibit/Site Interpretation  
Media Production  
Education Projects  
Conference/Panel/Seminar/Workshop

## TOPICS OF PROJECTS

African History  
Afro American Ethnic Studies  
Ar     lture  
Al.     an Literature  
American Studies  
Ancient History  
Anthropology  
Archaeology  
Architectural History/Historic  
    Preservation  
Art History and Criticism  
Asian Ethnic Studies  
Asian History  
Bicentennial History  
Biomedical Issues  
Classics  
Economics  
Education  
English Literature  
Environmental Studies  
Ethics  
Ethnic Studies  
European History  
Film History and Criticism  
Folklore/Folklife  
Geography  
Hispanic Ethnic Studies  
H'     y  
H.     y of Science/Technology  
Interdisciplinary/Multidisciplinary  
International Studies  
Jurisprudence  
Languages/Linguistics  
Latin American History  
Literature  
Music History and Criticism  
Native American Ethnic Studies  
Other Topics  
Philosophy  
Political Studies  
Psychology  
Public Issues: Domestic  
Public Issues: International  
Quincentenary History  
Regional/Local United States History  
Religion/Comparative Religion  
Romance Literature (French, Italian,  
    Spanish, etc.)  
Social History  
Sociology  
Theatre History and Criticism  
United States History  
Ur     Studies  
Wc     s Studies

## STATISTICAL PROFILE ENTRIES

History  
Ethnic Studies  
Public Issues/Environmental Studies  
Literature  
American Studies  
History  
Anthropology/Folklore/Folklife  
Archaeology/Architectural History/Historic Preservation  
Archaeology/Architectural History/Historic Preservation  
Arts, History and Criticism  
Ethnic Studies  
History  
History (United States ONLY)  
Ethics/Philosophy  
Classics  
Political Studies/International Studies/Social Sciences  
Education  
Literature  
Public Issues/Environmental Studies  
Ethics/Philosophy  
Ethnic Studies  
History  
Arts, History and Criticism  
Anthropology/Folklore/Folklife  
Public Issues/Environmental Studies  
Ethnic Studies  
History  
History  
Interdisciplinary/Multidisciplinary  
Political Studies/International Studies/Social Sciences  
Jurisprudence  
Languages/Linguistics  
History  
Literature  
Arts, History and Criticism  
Ethnic Studies  
Other Topics  
Ethics/Philosophy  
Political Studies/International Studies/Social Sciences  
Political Studies/International Studies/Social Sciences  
Public Issues/Environmental Studies  
Public Issues/Environmental Studies  
History (United States ONLY)  
History (United States ONLY)  
Religion/Comparative Religion  
Literature  
History  
Sociology  
Arts, History and Criticism  
History (United States ONLY)  
Political Studies/International Studies/Social Sciences  
Women's Studies

NATIONAL ENDOWMENT FOR THE HUMANITIES

WASHINGTON, D.C. 20506



December 29, 1989

MEMORANDUM

TO: The Chairs and Executive Directors  
State Humanities Councils

FROM: Marjorie A. Berlincourt, Director  
Division of State Programs

SUBJECT: Final Appropriation Levels - FY 1990

The Congress and the Office of Management and Budget have finally completed their negotiations on the Gramm-Rudman-Hollins deficit targets for FY 1990. On December 28 The National Endowment for the Humanities received its final appropriations for 1990 in the amount of \$156,910,000 which includes an appropriation for the Division of State Programs of \$25,637,000, an increase of \$637,000 over 1989. I am very pleased to tell you that we now will be able to calculate your grant award for 1990 at this increased appropriation level and you will shortly receive an award memorandum from the NEH Grants Office authorizing the increase in your program funds.

The grant amount for FY 1990 also contains the 20 per cent increase that you received last year for administration and services to the field, the additional \$10,000 for public meetings and general administration, and the unrestricted funds that you can choose to use for regrant purposes or to increase your matching allocation.

The Gramm-Rudman-Hollins reductions also apply to each category of NEH's funding, including the Treasury Fund appropriation. As a result, the chairman's allocations of Treasury Funds to each division have had to reflect the agency's reduced appropriation in the budget category. However, to compensate for the reduction and to be able to bring each council's matching allocation up to last year's increased level, we will add to the division's allocation of treasury funds, \$1.3 million from the division's definite funds for the National State Program. As a result, the NEH is providing the state councils with \$5.3 million in matching funds over and above the definite funds awarded in your fiscal year 1990 grants.

I realize how difficult it has been to plan without firm budget figures, but in the weeks between the time Congress passed the reconciliation bill on November 22 to meet the Gramm-Rudman-Hollins deficit targets and the Office of Management and Budget issued final figures for 1990 to each agency, the numbers changed several times.

We are all relieved to have final budget levels as we enter the new year. If you would like further clarification on your own council's budget, please let me know.

My very best wishes for a Happy New Year.

V-A

## 1989 Census (1/90)

	Population
Alabama	4,118,000
Alaska	527,000
Arizona	3,556,000
Arkansas	2,406,000
California	29,063,000
Colorado	3,317,000
Connecticut	3,239,000
Delaware	673,000
D.C.	604,000
Florida	12,671,000
Georgia	6,436,000
Hawaii	1,112,000
Idaho	1,014,000
Illinois	11,658,000
Indiana	5,593,000
Iowa	2,840,000
Kansas	2,513,000
Kentucky	3,727,000
Louisiana	4,382,000
Maine	1,222,000
Maryland	4,694,000
Massachusetts	5,913,000
Michigan	9,273,000
Minnesota	4,353,000
Mississippi	2,621,000
Missouri	5,159,000
Montana	806,000
Nebraska	1,611,000
Nevada	1,111,000
New Hampshire	1,107,000
New Jersey	7,736,000
New Mexico	1,528,000
New York	17,950,000
North Carolina	6,571,000
North Dakota	660,000
Ohio	10,907,000
Oklahoma	3,224,000
Oregon	2,820,000
Pennsylvania	12,040,000
Puerto Rico	3,291,000
Rhode Island	998,000
South Carolina	3,512,000
South Dakota	715,000
Tennessee	4,940,000
Texas	16,991,000
Utah	1,707,000
Vermont	567,000
Virginia	6,098,000
Washington	4,761,000
West Virginia	1,857,000
Wisconsin	4,867,000
Wyoming	475,000
American Samoa	39,500
Guam	133,000
Virgin Islands	103,200
N. Marianas	21,200
Total	251,534,000
Total+Territorie	251,830,900

# Office of Management and Budget Circular A-110 (7/30/76)

## OFFICE OF MANAGEMENT AND BUDGET

[Circular No. A-110]

### GRANTS AND AGREEMENTS WITH INSTITUTIONS OF HIGHER EDUCATION, HOSPITALS, AND OTHER NONPROFIT ORGANIZATIONS

#### Uniform Administrative Requirements

July 1, 1976.

To the heads of executive departments and establishments.

Subject: Uniform administrative requirements for grants and other agreements with institutions of higher education, hospitals, and other nonprofit organizations

1. **Purpose.**—This Circular promulgates standards for obtaining consistency and uniformity among Federal agencies in the administration of grants to, and other agreements with, public and private institutions of higher education, public and private hospitals, and other quasi-public and private nonprofit organizations. This Circular does not apply to grants, contracts, or other agreements between the Federal Government and units of State or local governments covered by Federal Management Circular 74-7.

2. **Effective date.**—The standards in the attachments to this Circular will be applied as soon as practicable but not later than January 1, 1977.

3. **Supersession.**—This Circular rescinds and replaces parts III and IV of the Appendix to Federal Management Circular 73-7, Administration of college and university research grants.

4. **Policy intent.**—The uniform standards and requirements included in the attachments to this Circular replace the varying and often conflicting requirements that have been imposed by Federal agencies as conditions of grants and other agreements with recipients.

5. **Applicability and scope.**—Except as provided below, the standards promulgated by this Circular are applicable to all Federal agencies. If any statute expressly prescribes policies or specific requirements that differ from the standards provided herein, the provisions of the statute shall govern.

The provisions of the attachments of this Circular shall be applied to subrecipients performing substantive work under grants that are passed through or awarded by the primary recipient if such subrecipients are organizations described in paragraph 1.

#### 6. Definitions.

a. The term "grant" means money or property provided in lieu of money paid or furnished by the Federal Government to recipients under programs that provide financial assistance or that provide support or stimulation to accomplish a public purpose. The term "other agreements" does not include contracts which are required to be entered into and administered under procurement laws and regulations. Grants and other agreements exclude (a) technical assistance programs, which provide services instead of money, (b) assistance in the form of

general revenue sharing, loans, loan guarantees, or insurance, and (c) direct payments of any kind to individuals.

b. The term "recipient" includes the following types of nonprofit organizations that are receiving Federal funds from a Federal agency or through a State or local government:

Public and private institutions of higher education; public and private hospitals; and other quasi-public and private nonprofit organizations such as (but not limited to) community action agencies, research institutes, educational associations, and health centers.

The term does not include foreign or international organizations (such as agencies of the United Nations) and Government-owned contractor operated facilities or research centers providing continued support for mission-oriented, large scale programs that are Government-owned or controlled, or are designed as federally-funded research and development centers.

7. **Requests for exceptions.**—The Office of Management and Budget may grant exceptions from the requirements of this Circular when exceptions are not prohibited under existing laws.

However, in the interest of maximum uniformity, exceptions from the requirements of the Circular will be permitted only in unusual cases. Agencies may apply more restrictive requirements to a class of recipients when approved by the Office of Management and Budget.

8. **Attachments.**—The standards promulgated by this Circular are set forth in the Attachments, which are:

- Attachment A Cash depositories.
- Attachment B Bonding and insurance.
- Attachment C Retention and custodial requirements for records.
- Attachment D Program income.
- Attachment E Cost sharing and matching.
- Attachment F Standards for financial management systems.
- Attachment G Financial reporting requirements.
- Attachment H Monitoring and reporting program performance.
- Attachment I Payment requirements.
- Attachment J Revision of financial plans.
- Attachment K Closeout procedures.
- Attachment L Suspension and termination procedures.
- Attachment M Standard form for applying for federal assistance.
- Attachment N Property management standards.
- Attachment O Procurement standards.

9. **Exceptions for certain recipients.**—Notwithstanding the provisions of paragraph 7 if an applicant/recipient has a history of poor performance, is not financially stable, or its management system does not meet the standards prescribed in the Circular, Federal agencies may impose additional requirements as needed provided that such applicant/recipient is notified in writing as to:

a. Why the additional standards are being imposed;

b. What corrective action is needed.

Copies of such notifications shall be sent to the Office of Management and Budget and other agencies funding that recipient at the same time the recipient is notified.

10. **Responsibilities.**—Agencies responsible for administering programs that involve grants and other agreements with recipients shall issue the appropriate regulations necessary to implement the provisions of this Circular. All portions of such regulations that involve record-keeping and/or reporting requirements subject to the provisions of the Federal Reports Act and OMB Circular A-40 must be submitted to OMB for clearance before being introduced into use. Upon request all regulations and instructions implementing this Circular shall be furnished to the Office of Management and Budget. Agencies shall also designate an official to serve as the agency representative on matters relating to the implementation of this Circular. The name and title of such representative shall be furnished to the Office of Management and Budget not later than August 30, 1976.

11. **Inquiries.**—Further information concerning this Circular may be obtained by contacting the Financial Management Branch, Budget Review Division, Office of Management and Budget, Washington, D.C. 20503, telephone 395-3993.

JAMES T. LYNN,  
Director.

#### ATTACHMENT A.—CIRCULAR NO. A-110

##### CASH DEPOSITORIES

1. This attachment sets forth standards governing the use of banks and other institutions as depositories of funds advanced under grants and other agreements.

2. Except for situations described in paragraphs 3, 4, and 5, no Federal sponsoring agency shall:

a. Require physical segregation of cash depositories for funds which are provided to a recipient.

b. Establish any eligibility requirements for cash depositories for funds which are provided to a recipient.

3. A separate bank account shall be required when applicable letter-of-credit agreements provide that drawdowns will be made when the recipient's checks are presented to the bank for payment.

4. Any moneys advanced to a recipient which are subject to the control or regulation of the United States or any of its officers, agents or employees (public moneys as defined in Treasury Circular No. 176, as amended) must be deposited in a bank with Federal Deposit Insurance Corporation (FDIC) insurance coverage and the balance exceeding the FDIC coverage must be collateralized secured.

5. Consistent with the national goal of expanding the opportunities for minority business enterprises, recipients and subrecipients shall be encouraged to use minority banks (a bank which is owned at least 50 percent by minority group members).

#### ATTACHMENT B.—CIRCULAR NO. A-110

##### BONDING AND INSURANCE

1. This attachment sets forth bonding and insurance requirements for grants and other agreements with recipients. No other bonding and insurance requirements shall be imposed other than those normally required by the recipient.

2. Except as otherwise required by law, a grant or other agreement that requires the contracting (or subcontracting) for construction or facility improvements shall provide for the recipient to follow its own re-



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quirements relating to bid guarantees, performance bonds, and payment bonds unless the construction contract or subcontract exceeds \$100,000. For those contracts or subcontracts exceeding \$100,000, the Federal agency may accept the bonding policy and requirements of the grantee provided the Federal agency has made a determination that the Government's interest is adequately protected. If such a determination has not been made, the minimum requirements shall be as follows:

a. *A bid guarantee from each bidder equivalent to five percent of the bid price.*—The "bid guarantee" shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of his bid, execute such contractual documents as may be required within the time specified.

b. *A performance bond on the part of the contractor for 100 percent of the contract price.*—A "performance bond" is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.

c. *A payment bond on the part of the contractor for 100 percent of the contract price.*—A "payment bond" is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

3. Where the Federal Government guarantees or insures the repayment of money borrowed by the recipient, the Federal agency, at its discretion, may require adequate bonding and insurance if the bonding and insurance requirements of the recipient are not deemed adequate to protect the interest of the Federal Government.

4. The Federal sponsoring agency may require adequate fidelity bond coverage where the recipient has no coverage and the bond is needed to protect the Government's interest.

5. Where bonds are required in the situations described above, the bonds shall be obtained from companies holding certificates of authority as acceptable sureties (31 CFR 223).

### ATTACHMENT C.—CIRCULAR NO. A-110

#### RETENTION AND CUSTODIAL REQUIREMENTS FOR RECORDS

1. This attachment sets forth record retention requirements for grants and other agreements with recipients. Federal sponsoring agencies shall not impose any record retention requirements upon recipients other than those described below.

2. Except for paragraph 1, this attachment also applies to subrecipients as referred to in paragraph 5 of the basic circular.

3. Financial records, supporting documents, statistical records, and all other records pertinent to an agreement shall be retained for a period of three years, with the following qualifications:

a. If any litigation, claim or audit is started before the expiration of the 3-year period, the records shall be retained until all litigations, claims, or audit findings involving the records have been resolved.

b. Records for nonexpendable property acquired with Federal funds shall be retained for 3 years after its final disposition.

c. When records are transferred to or maintained by the Federal sponsoring agency, the 3-year retention requirement is not applicable to the recipient.

4. The retention period starts from the date of the submission of the final expenditure report or, for grants and other agreements that are renewed annually, from the date of the submission of the annual financial status report.

5. Recipient organizations should be authorized by the Federal sponsoring agency, if they so desire, to substitute microfilm copies in lieu of original records.

6. The Federal sponsoring agency shall request transfer of certain records to its custody from recipient organizations when it determines that the records possess long-term retention value. However, in order to avoid duplicate record-keeping, a Federal sponsoring agency may make arrangements with recipient organizations to retain any records that are continuously needed for joint use.

7. The head of the Federal sponsoring agency and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any pertinent books, documents, papers, and records of the recipient organization and their subrecipients to make audits, examinations, excerpts and transcripts.

8. Unless otherwise required by law, no Federal sponsoring agency shall place restrictions on recipient organizations that will limit public access to the records of recipient organizations that are pertinent to a grant or agreement except when the agency can demonstrate that such records must be kept confidential and would have been excepted from disclosure pursuant to the Freedom of Information Act (5 U.S.C. 552) if the records had belonged to the Federal sponsoring agency.

### ATTACHMENT D.—CIRCULAR NO. A-110

#### PROGRAM INCOME

1. Federal sponsoring agencies shall apply the standards set forth in this attachment in requiring recipient organizations to account for program income related to projects financed in whole or in part with Federal funds. Program income represents gross income earned by the recipient from the federally supported activities. Such earnings exclude interest earned on advances and may include, but will not be limited to, income from service fees, sale of commodities, usage or rental fees, and royalties on patents and copyrights.

2. Interest earned on advances of Federal funds shall be remitted to the Federal agency except for interest earned on advances to States or instrumentalities of a State as provided by the Intergovernmental Cooperation Act of 1968 (Public Law 90-577).

3. Proceeds from the sale of real and personal property either provided by the Federal Government or purchased in whole or in part with Federal funds, shall be handled in accordance with Attachment N to this circular pertaining to property management.

4. Unless the agreement provides otherwise, recipients shall have no obligation to the Federal Government with respect to royalties received as a result of copyrights or patents produced under the grant or other agreement (see paragraph 8, Attachment N).

5. All other program income earned during the project period shall be retained by the recipient and, in accordance with the grant or other agreement, shall be:

a. Added to funds committed to the project by the Federal sponsoring agency and recipient organization and be used to further eligible program objectives;

b. Used to finance the non-Federal share of the project when approved by the Federal sponsoring agency; or

c. Deducted from the total project costs in determining the net costs on which the Federal share of costs will be based.

### ATTACHMENT E.—CIRCULAR NO. A-110

#### COST SHARING AND MATCHING

1. This attachment sets forth criteria and procedures for the allowability of cash and

in-kind contributions made by recipients or subrecipients (as referred to in paragraph 5 of the basic circular), or third parties in satisfying cost sharing and matching requirements of Federal sponsoring agencies. This attachment also establishes criteria for the evaluation of in-kind contributions made by third parties, and supplements the guidance set forth in Federal Management Circular 73-3 with respect to cost sharing on federally-sponsored research.

2. The following definitions apply for the purpose of this attachment:

a. *Project costs.*—Project costs are all allowable costs (as set forth in the applicable Federal cost principles) incurred by a recipient and the value of the in-kind contributions made by the recipient or third parties in accomplishing the objectives of the grant or other agreement during the project or program period.

b. *Cost sharing and matching.*—In general, cost sharing and matching represent that portion of project or program costs not borne by the Federal Government.

c. *Cash contributions.*—Cash contributions represent the recipient's cash outlay, including the outlay of money contributed to the recipient by non-Federal third parties.

d. *In-kind contributions.*—In-kind contributions represent the value of noncash contributions provided by the recipient and non-Federal third parties. Only when authorized by Federal legislation, may property purchased with Federal funds be considered as the recipient's in-kind contributions. In-kind contributions may be in the form of charges for real property and non-expandable personal property, and the value of goods and services directly benefiting and specifically identifiable to the project or program.

3. General guidelines for computing cost sharing or matching are as follows:

a. Cost sharing or matching may consist of:

(1) Charges incurred by the recipient's project costs. (Not all charges require cash outlays by the recipient during the project period; examples are depreciation and use charges for buildings and equipment.)

(2) Project costs financed with cash contributed or donated to the recipient by other non-Federal public agencies and institutions, and private organizations and individuals, and

(3) Project costs represented by services and real and personal property, or use thereof, donated by other non-Federal public agencies and institutions, and private organizations and individuals.

b. All contributions, both cash and in-kind, shall be accepted as part of the recipient's cost sharing and matching when such contributions meet all of the following criteria:

(1) Are verifiable from the recipient's records;

(2) Are not included as contributions for any other federally-assisted program;

(3) Are necessary and reasonable for proper and efficient accomplishment of project objectives;

(4) Are types of charges that would be allowable under the applicable cost principles;

(5) Are not paid by the Federal Government under another assistance agreement (unless the agreement is authorized by Federal law to be used for cost sharing or matching);

(6) Are provided for in the approved budget when required by the Federal agency; and

(7) Conform to other provisions of this attachment.

4. Values for recipient in-kind contributions will be established in accordance with the applicable cost principles.

5. Specific procedures for the recipients establishing the value of in-kind contribu-

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tions from non-Federal third parties are set forth below.

a. *Valuation of volunteer services.*—Volunteer services may be furnished by professional and technical personnel, consultants, and other skilled and unskilled labor. Volunteer services may be counted as cost sharing or matching if the service is an integral and necessary part of an approved program.

(1) *Rates for volunteer services.*—Rates for volunteers should be consistent with those paid for similar work in the recipient's organization. In those instances in which the required skills are not found in the recipient organization, rates should be consistent with those paid for similar work in the labor market in which the recipient competes for the kind of services involved.

(2) *Volunteers employed by other organizations.*—When an employer other than the recipient furnishes the services of an employee, these services shall be valued at the employee's regular rate of pay (exclusive of fringe benefits and overhead costs) provided these services are in the same skill for which the employee is normally paid.

b. *Valuation of donated, expendable personal property.*—Donated, expendable personal property includes such items as expendable equipment, office supplies, laboratory supplies or workshop and classroom supplies. Value assessed to expendable personal property included in the cost or matching share should be reasonable and should not exceed the market value of the property at the time of the donation.

c. *Valuation of donated, nonexpendable personal property, buildings, and land or use thereof.*

(1) The method used for charging cost sharing or matching for donated nonexpendable personal property, buildings and land may differ according to the purpose of the grant or other agreement as follows:

(a) If the purpose of the grant or other agreement is to assist the recipient in the acquisition of equipment, buildings or land, the total value of the donated property may be claimed as cost sharing or matching.

(b) If the purpose of the agreement is to support activities that require the use of equipment, buildings or land, depreciation or use charges for equipment and buildings may be made. The full value of equipment or other capital assets and fair rental charges for land may be allowed provided that the Federal agency has approved the charges.

(2) The value of donated property will be determined in accordance with the usual accounting policies of the recipient with the following qualifications:

(a) *Land and buildings.*—The value of donated land and buildings may not exceed its fair market value, at the time of donation to the recipient as established by an independent appraiser (e.g., certified real property appraiser or GSA representatives) and certified by a responsible official of the recipient.

(b) *Nonexpendable personal property.*—The value of donated nonexpendable personal property shall not exceed the fair market value of equipment and property of the same age and condition at the time of donation.

(c) *Use of space.*—The value of donated space shall not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.

(d) *Loaned equipment.*—The value of loaned equipment shall not exceed its fair rental value.

6. The following requirements pertain to the recipient's supporting records for in-kind contributions from non-Federal third parties.

a. Volunteer services must be documented and, to the extent feasible, supported by the same methods used by the recipient for its employees.

b. The basis for determining the valuation for personal services, material, equipment, buildings and land must be documented.

### ATTACHMENT F.—CIRCULAR NO. A-110

#### STANDARDS FOR FINANCIAL MANAGEMENT SYSTEMS

1. This attachment prescribes standards for financial management systems of recipients. Federal sponsoring agencies shall not impose additional standards on recipients unless specifically provided for in the applicable statutes (e.g., the Joint Funding Simplification Act, P.L. 93-510) or other attachments to this circular. However, Federal sponsoring agencies are encouraged to make suggestions and assist recipients in establishing or improving financial management systems when such assistance is needed or requested.

2. Recipients' financial management systems shall provide for:

a. Accurate, current and complete disclosure of the financial results of each federally sponsored project or program in accordance with the reporting requirements set forth in Attachment G to this circular. When a Federal sponsoring agency requires reporting on an accrual basis, the recipient shall not be required to establish an accrual accounting system but shall develop such accrual data for its reports on the basis of an analysis of the documentation on hand.

b. Records that identify adequately the source and application of funds for federally sponsored activities. These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, and income.

c. Effective control over and accountability for all funds, property and other assets. Recipients shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.

d. Comparison of actual outlays with budget amounts for each grant or other agreement. Whenever appropriate or required by the Federal sponsoring agency, financial information should be related to performance and unit cost data.

e. Procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and the disbursement by the recipient, whenever funds are advanced by the Federal Government. When advances are made by a letter-of-credit method, the recipient shall make drawdowns as close as possible to the time of making disbursements.

f. Procedures for determining the reasonableness, allowability and allocability of costs in accordance with the provisions of the applicable Federal cost principles and the terms of the grant or other agreement.

g. Accounting records that are supported by source documentation.

h. Examinations in the form of audits or internal audits. Such audits shall be made by qualified individuals who are sufficiently independent of those who authorize the expenditure of Federal funds, to produce unbiased opinions, conclusions or judgments. They shall meet the independence criteria along the lines of Chapter 3, Part 3 of the U.S. General Accounting Office publication, *Standards for Audit of Governmental Organizations, Programs, Activities and Functions*. These examinations are intended to ascertain the effectiveness of the financial management systems and internal procedures that have been established to meet the terms and conditions of the agreements. It is not intended that each agreement awarded to the recipient be examined. Generally, examinations should be conducted on an organization-wide basis to test the fiscal integrity of

financial transactions, as well as compliance with the terms and conditions of the Federal grants and other agreements. Such tests would include an appropriate sampling of Federal agreements. Examinations will be conducted with reasonable frequency, on a continuing basis or at scheduled intervals, usually annually, but not less frequently than every two years. The frequency of these examinations shall depend upon the nature, size and the complexity of the activity. These examinations do not relieve Federal agencies of their audit responsibilities, but may affect the frequency and scope of such audits.

1. A systematic method to assure timely and appropriate resolution of audit findings and recommendations.

3. Primary recipients shall require subrecipients (as defined in paragraph 5 of the basic circular) to adopt the standards in paragraph 2, above except for the requirement in subparagraph 2e, regarding the use of the letter-of-credit method and that part of subparagraph 2a, regarding reporting forms and frequencies prescribed in Attachment G to this circular.

### ATTACHMENT G.—CIRCULAR NO. A-110

#### FINANCIAL REPORTING REQUIREMENTS

1. This attachment prescribes uniform reporting procedures for recipients to: summarize expenditures made and Federal funds unexpended for each award, report the status of Federal cash advanced, request advances and reimbursement when the letter-of-credit method is not used; and promulgates standard forms incident thereto.

2. The following definitions apply for purposes of this attachment:

a. *Accrued expenditures.*—Accrued expenditures are the charges incurred by the recipient during a given period requiring the provision of funds for: (1) goods and other tangible property received; (2) services performed by employees, contractors, subrecipients, and other payees, and (3) other amounts becoming owed under programs for which no current services or performance is required.

b. *Accrued income.*—Accrued income is the sum of (1) earnings during a given period from (i) services performed by the recipient; and (ii) goods and other tangible property delivered to purchasers; and (2) amounts becoming owed to the recipient for which no current services or performance is required by the recipient.

c. *Federal funds authorized.*—Federal funds authorized are the total amount of Federal funds obligated by the Federal Government for use by the recipient. This amount may include any authorized carry-over of unobligated funds from prior fiscal years when permitted by law or agency regulation.

d. *In-kind contributions.*—In-kind contributions are defined in Attachment E to this circular.

e. *Obligations.*—Obligations are the amounts of orders placed, contracts and grants awarded, services received, and similar transactions during a given period that will require payment by the recipient during the same or a future period.

f. *Outlays.*—Outlays or expenditures represent charges made to the project or program. They may be reported on a cash or accrual basis. For reports prepared on a cash basis, outlays are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expense charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to subrecipients. For reports prepared on an accrual basis, outlays are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expense incurred, the value of in-

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kind contributions applied, and the net increase (or decrease) in the amounts owed by the recipient for goods and other property received, for services performed by employees, contractors, subrecipients and other payees and other amounts becoming owed under programs for which no current services or performance are required.

g. *Program income*.—Program income is defined in Attachment D of this circular. It may be reported on a cash or accrual basis, whichever is used for reporting outlays.

h. *Unobligated balance*.—The unobligated balance is the portion of the funds authorized by the Federal sponsoring agency that has not been obligated by the recipient and is determined by deducting the cumulative obligations from the cumulative funds authorized.

i. *Unliquidated obligations*.—For reports prepared on a cash basis, unliquidated obligations represent the amount of obligations incurred by the recipient that has not been paid. For reports prepared on an accrued expenditure basis, they represent the amount of obligations incurred by the recipient for which an outlay has not been recorded.

3. Only the following forms will be authorized for obtaining financial information from recipients.

a. *Financial Status Report (Exhibit 1)*.

(1) Each Federal sponsoring agency shall require recipients to use the standardized Financial Status Report to report the status of funds for all nonconstruction projects or programs. The Federal sponsoring agencies may, however, have the option of not requiring the Financial Status Report when the Request for Advance or Reimbursement (paragraph 4a) or Report of Federal Cash Transactions (paragraph 3b) is determined to provide adequate information to meet their needs, except that a final Financial Status Report shall be required at the completion of the project when the Request for Advance or Reimbursement form is used only for advances.

(2) The Federal sponsoring agency shall prescribe whether the report shall be on a cash or accrual basis. If the Federal sponsoring agency requires accrual information and the recipient's accounting records are not normally kept on the accrual basis, the recipient shall not be required to convert its accounting system, but shall develop such accrual information through best estimates based on an analysis of the documentation on hand.

(3) The Federal sponsoring agency shall determine the frequency of the Financial Status Report for each project or program considering the size and complexity of the particular project or program. However, the report shall not be required more frequently than quarterly or less frequently than annually except as provided in subparagraph 3a(1) above. A final report shall be required at the completion of the agreement.

(4) Federal sponsoring agencies shall require recipients to submit the Financial

Status Report (original and no more than two copies) no later than 30 days after the end of each specified reporting period for quarterly and semi-annual reports, and 90 days for annual and final reports. Extensions to reporting due dates may be granted upon request of the recipient.

b. *Report of Federal Cash Transactions (Exhibit 2)*.

(1) When funds are advanced to recipients through letters of credit or with Treasury checks, the Federal sponsoring agencies shall require each recipient to submit a Report of Federal Cash Transactions. The Federal sponsoring agency shall use this report to monitor cash advanced to recipients and to obtain disbursement information for each agreement from the recipients.

(2) Federal sponsoring agencies may require forecasts of Federal cash requirements in the "Remarks" section of the report.

(3) When practical and deemed necessary, the Federal sponsoring agencies may require receipts to report in the "Remarks" section the amount of cash advances in excess of three days' requirements in the hands of subrecipients and to provide short narrative explanations of actions taken by the recipients to reduce the excess balances.

(4) Recipients shall be required to submit not more than the original and two copies of the Report of Federal Cash Transactions 15 working days following the end of each quarter. The Federal sponsoring agencies may require a monthly report from those recipients receiving advances totaling \$1 million or more per year.

(5) Federal sponsoring agencies may waive the requirement for submission of the Report of Federal Cash Transactions when monthly advances do not exceed \$10,000 per recipient, provided that such advances are monitored through other forms contained in this attachment, or if, in the Federal sponsoring agency's opinion, the recipient's accounting controls are adequate to minimize excessive Federal advances.

4. Except as noted below, only the following forms will be authorized for the recipients in requesting advances and reimbursements.

a. *Request for Advance or Reimbursement (Exhibit 3)*.

(1) Each Federal sponsoring agency shall adopt the Request for Advance or Reimbursement as a standardized form for all nonconstruction programs when letters-of-credit or predetermined advance methods are not used. Federal sponsoring agencies, however, have the option of using this form for construction programs in lieu of the Outlay Report and Request for Reimbursement for Construction Programs (subparagraph 4b).

(2) Recipients shall be authorized to submit requests for advances and reimbursements at least monthly when letters-of-credit are not used. Federal sponsoring agencies shall not require the submission of more than the original and two copies of the Request for Advance or Reimbursement.

b. *Outlay report and request for reimbursement for construction programs (Exhibit 4)*.

(1) Each Federal sponsoring agency shall adopt the Outlay Report and Request for Reimbursement for Construction Programs as the standardized format to be used for requesting reimbursement for construction programs. The Federal sponsoring agencies may, however, have the option of substituting the Request for Advance or Reimbursement Form (subparagraph 4a) when the Federal agencies determine that it provides adequate information to meet their needs.

(2) Recipients shall be authorized to submit requests for reimbursement at least monthly when letters-of-credit are not used. Federal sponsoring agencies shall not require more than the original and two copies of the Outlay Report and Request for Reimbursement for Construction Programs.

5. When the Federal sponsoring agencies need additional information in using these forms or more frequent reports, the following shall be observed:

a. When additional information is needed to comply with legislative requirements, Federal sponsoring agencies shall issue instructions to require recipients to submit such information under the "Remarks" section of the reports.

b. When necessary to meet specific program needs Federal sponsoring agencies shall submit the proposed reporting requirements to the Financial Management Branch, Budget Review Division, Office of Management and Budget for approval prior to submission of the reports for clearance under the provisions of OMB Circular No. A-40.

c. When a Federal sponsoring agency has determined that a recipient's accounting system does not meet the Standards for Financial Management contained in Attachment F to this circular, additional pertinent information to further monitor grants and other agreements may be obtained upon written notice to the recipient until such time as the system is brought up to standard.

d. The Federal sponsoring agency, in obtaining information as in paragraphs a, b and c above, must comply with report clearance requirements of the Office of Management and Budget Circular No. A-40, as revised.

6. Federal sponsoring agencies have the option of shading out any line item on any report that is unnecessary for decision-making purposes.

7. Federal sponsoring agencies should accept the identical information from the recipients in machine usable format or computer printouts in lieu of prescribed formats.

8. Federal sponsoring agencies may provide computer outputs to recipients when it will expedite or contribute to the accuracy of reporting.

9. Federal sponsoring agencies are authorized to reproduce these forms. The forms for reproduction purposes can be obtained from the Office of Management and Budget.

FINANCIAL STATUS REPORT (Follow instructions on the back)				1. FEDERAL AGENCY AND ORGANIZATIONAL ELEMENT TO WHICH REPORT IS SUBMITTED		2. FEDERAL GRANT OR OTHER IDENTIFYING NUMBER		OMB Approved No. 30-R0180		PAGE OF	
3. RECIPIENT ORGANIZATION (Name and complete address, including ZIP code)				4. EMPLOYER IDENTIFICATION NUMBER		5. RECIPIENT ACCOUNT NUMBER OR IDENTIFYING NUMBER		6. FINAL REPORT <input type="checkbox"/> YES <input type="checkbox"/> NO		7. BASIS CASH <input type="checkbox"/> ACQUIRE <input type="checkbox"/>	
				8. PROJECT/GRANT PERIOD (See instructions) FROM (Month, day, year) TO (Month, day, year)		9. PERIOD COVERED BY THIS REPORT FROM (Month, day, year) TO (Month, day, year)					
10. PROGRAMS/FUNCTIONS/ACTIVITIES ▶				(a)	(b)	(c)	(d)	(e)	(f)	TOTAL (g)	
a. Net outlays previously reported				\$	\$	\$	\$	\$	\$	\$	
b. Total outlays this report period											
c. Less: Program income credits											
d. Net outlays this report period (Line b minus line c)											
e. Net outlays to date (Line a plus line d)											
f. Less: Non Federal share of outlays											
g. Total Federal share of outlays (Line e minus line f)											
h. Total unliquidated obligations											
i. Less: Non Federal share of unliquidated obligations shown on line h											
j. Federal share of unliquidated obligations											
k. Total Federal share of outlays and unliquidated obligations											
l. Total cumulative amount of Federal funds authorized											
m. Unobligated balance of Federal funds											
11. INDIRECT EXPENSE				a. TYPE OF RATE (Place "X" in appropriate box) <input type="checkbox"/> PROVISIONAL <input type="checkbox"/> PREDETERMINED <input type="checkbox"/> FINAL <input type="checkbox"/> FIXED		13. CERTIFICATION I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents		SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL		DATE REPORT SUBMITTED	
				b. RATE				TYPED OR PRINTED NAME AND TITLE		TELEPHONE (Area code, number and extension)	
				c. BASE							
				d. TOTAL AMOUNT							
				e. FEDERAL SHARE							
12. REMARKS: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation											

# Office of Management and Budget Circular A-110 (7/30/76)

## INSTRUCTIONS

Please type or print legibly. Items 1, 2, 3, 6, 7, 9, 10d, 10e, 10g, 10i, 10l, 11a, and 12 are self-explanatory. Specific instructions for other items are as follows:

Item	Entry	Item	Entry
4	Enter the employer identification number assigned by the U.S. Internal Revenue Service or FICE (institution) code, if required by the Federal sponsoring agency.	10c	Enter the amount of all program income realized in this period that is required by the terms and conditions of the Federal award to be deducted from total project costs. For reports prepared on a cash basis, enter the amount of cash income received during the reporting period. For reports prepared on an accrual basis, enter the amount of income earned since the beginning of the reporting period. When the terms or conditions allow program income to be added to the total award, explain in remarks, the source, amount and disposition of the income.
5	This space is reserved for an account number or other identifying numbers that may be assigned by the recipient.	10f	Enter amount pertaining to the non-Federal share of program outlays included in the amount on line e.
6	Enter the month, day, and year of the beginning and ending of this project period. For formula grants that are not awarded on a project basis, show the grant period.	10h	Enter total amount of unliquidated obligations for this project or program, including unliquidated obligations to subgrantees and contractors. Unliquidated obligations are:  Cash basis—obligations incurred but not paid.  Accrued expenditure basis—obligations incurred but for which an outlay has not been recorded.  Do not include any amounts that have been included on lines a through g. On the final report, line h should have a zero balance.
10	The purpose of vertical columns (a) through (f) is to provide financial data for each program, function, and activity in the budget as approved by the Federal sponsoring agency. If additional columns are needed, use as many additional forms as needed and indicate page number in space provided in upper right; however, the totals of all programs, functions or activities should be shown in column (g) of the first page. For agreements pertaining to several Catalog of Federal Domestic Assistance programs that do not require a further functional or activity classification breakdown, enter under columns (a) through (f) the title of the program. For grants or other assistance agreements containing multiple programs where one or more programs require a further breakdown by function or activity, use a separate form for each program showing the applicable functions or activities in the separate columns. For grants or other assistance agreements containing several functions or activities which are funded from several programs, prepare a separate form for each activity or function when requested by the Federal sponsoring agency.	10j	Enter the Federal share of unliquidated obligations shown on line h. The amount shown on this line should be the difference between the amounts on lines h and i.
10a	Enter the net outlay. This amount should be the same as the amount reported in Line 10e of the last report. If there has been an adjustment to the amount shown previously, please attach explanation. Show zero if this is the initial report.	10k	Enter the sum of the amounts shown on lines g and j. If the report is final the report should not contain any unliquidated obligations.
10b	Enter the total gross program outlays (less rebates, refunds, and other discounts) for this report period, including disbursements of cash realized as program income. For reports that are prepared on a cash basis, outlays are the sum of actual cash disbursements for goods and services, the amount of indirect expense charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to contractors and subgrantees. For reports prepared on an accrued expenditure basis, outlays are the sum of actual cash disbursements, the amount of indirect expense incurred, the value of in-kind contributions applied, and the net increase (or decrease) in the amounts owed by the recipient for goods and other property received and for services performed by employees, contractors, subgrantees, and other payees.	10m	Enter the unobligated balance of Federal funds. This amount should be the difference between lines k and i.
		11b	Enter rate in effect during the reporting period.
		11c	Enter amount of the base to which the rate was applied.
		11d	Enter total amount of indirect cost charged during the report period.
		11e	Enter amount of the Federal share charged during the report period.  If more than one rate was applied during the project period, include a separate schedule showing bases against which the indirect cost rates were applied, the respective indirect rates the month, day, and year the indirect rates were in effect, amounts of indirect expense charged to the project, and the Federal share of indirect expense charged to the project to date.

## Office of Management and Budget Circular A-110 (7/30/76)

<b>FEDERAL CASH TRANSACTIONS REPORT</b>		Approved by Office of Management and Budget. No. 80-RO182	
(See instructions on the back. If report is for more than one grant or assistance agreement, attach completed Standard Form 272-A.)		1. Federal sponsoring agency and organizational element to which this report is submitted	
<b>2. RECIPIENT ORGANIZATION</b>  Name _____  Number and Street _____  City, State and ZIP Code: _____		4. Federal grant or other identification number	5. Recipient's account number or identifying number
		6. Letter of credit number	7. Last payment voucher number
		Give total number for this period	
		8. Payment Vouchers credited to your account	9. Treasury checks received (whether or not deposited)
<b>3. FEDERAL EMPLOYER IDENTIFICATION NO.</b> _____		<b>10. PERIOD COVERED BY THIS REPORT</b>	
		FROM (month, day, year)	TO (month, day year)
<b>11. STATUS OF FEDERAL CASH</b>  (See specific instructions on the back)	a. Cash on hand beginning of reporting period		\$
	b. Letter of credit withdrawals		
	c. Treasury check payments		
	d. Total receipts (Sum of lines b and c)		
	e. Total cash available (Sum of lines a and d)		
	f. Gross disbursements		
	g. Federal share of program income		
	h. Net disbursements (Line f minus line g)		
	i. Adjustments of prior periods		
	j. Cash on hand end of period		\$
<b>12. THE AMOUNT SHOWN ON LINE 11J, ABOVE, REPRESENTS CASH REQUIREMENTS FOR THE ENSUING</b>  Days _____	<b>13. OTHER INFORMATION</b>		
	a. Interest income		\$
		b. Advances to subgrantees or subcontractors	\$
<b>14. REMARKS</b> (Attach additional sheets of plain paper, if more space is required)			

<b>15. CERTIFICATION</b>				
I certify to the best of my knowledge and belief that this report is true in all respects and that all disbursements have been made for the purpose and conditions of the grant or agreement	AUTHORIZED	SIGNATURE		DATE REPORT SUBMITTED
	CERTIFYING	TYPED OR PRINTED NAME AND TITLE		
	OFFICIAL	(Area Code) (Number)		(Extension)
	TELEPHONE			
<b>THIS SPACE FOR AGENCY USE</b>				

## INSTRUCTIONS

Please type or print legibly. Items 1, 2, 8, 9, 10, 11d, 11e, 11h, and 15 are self explanatory, specific instructions for other items are as follows:

<i>Item</i>	<i>Entry</i>	<i>Entry</i>	<i>Item</i>
3	Enter employer identification number assigned by the U.S. Internal Revenue Service or the FICE (institution) code.  If this report covers more than one grant or other agreement, leave items 4 and 5 blank and provide the information on Standard Form 272-A, Report of Federal Cash Transactions—Continued; otherwise:	employee's share of benefits if treated as a direct cost, interdepartmental charges for supplies and services, and the amount to which the recipient is entitled for indirect costs.	
4	Enter Federal grant number, agreement number, or other identifying numbers if requested by sponsoring agency.	11g	Enter the Federal share of program income that was required to be used on the project or program by the terms of the grant or agreement.
5	This space reserved for an account number or other identifying number that may be assigned by the recipient.	11i	Enter the amount of all adjustments pertaining to prior periods affecting the ending balance that have not been included in any lines above. Identify each grant or agreement for which adjustment was made, and enter an explanation for each adjustment under "Remarks." Use plain sheets of paper if additional space is required.
6	Enter the letter of credit number that applies to this report. If all advances were made by Treasury check, enter "NA" for not applicable and leave items 7 and 8 blank.	11j	Enter the total amount of Federal cash on hand at the end of the reporting period. This amount should include all funds on deposit, imprest funds, and undeposited funds (line e, less line h, plus or minus line i).
7	Enter the voucher number of the last letter-of-credit payment voucher (Form TUS 5401) that was credited to your account.	12	Enter the estimated number of days until the cash on hand, shown on line 11j, will be expended. If more than three days cash requirements are on hand, provide an explanation under "Remarks" as to why the drawdown was made prematurely, or other reasons for the excess cash. The requirement for the explanation does not apply to prescheduled or automatic advances.
11a	Enter the total amount of Federal cash on hand at the beginning of the reporting period including all of the Federal funds on deposit, imprest funds, and undeposited Treasury checks.	13a	Enter the amount of interest earned on advances of Federal funds but not remitted to the Federal agency. If this includes any amount earned and not remitted to the Federal sponsoring agency for over 60 days, explain under "Remarks." Do not report interest earned on advances to States.
11b	Enter total amount of Federal funds received through payment vouchers (Form TUS 5401) that were credited to your account during the reporting period.	13b	Enter amount of advance to secondary recipients included in item 11h.
11c	Enter the total amount of all Federal funds received during the reporting period through Treasury checks, whether or not deposited.	14	In addition to providing explanations as required above, give additional explanation deemed necessary by the recipient and for information required by the Federal sponsoring agency in compliance with governing legislation. Use plain sheets of paper if additional space is required.
11f	Enter the total Federal cash disbursements, made during the reporting period, including cash received as program income. Disbursements as used here also include the amount of advances and payments less refunds to subgrantees or contractors, the gross amount of direct salaries and wages, including the		

## Page 9



## Office of Management and Budget Circular A-110 (7/30/76)

REQUEST FOR ADVANCE OR REIMBURSEMENT		Approved by Office of Management and Budget No. BO-RO183		PAGE OF PAGES
(See instructions on back)		1. TYPE OF PAYMENT REQUESTED a. "I" - advance or both advance and REIMBURSEMENT b. "R" - the appropriate box <input type="checkbox"/> ADVANCE <input type="checkbox"/> REIMBURSEMENT <input type="checkbox"/> FINAL <input type="checkbox"/> PARTIAL		2. BASIS OF REQUEST <input type="checkbox"/> CASH <input type="checkbox"/> ACCRUAL
3. FEDERAL SPONSORING AGENCY AND ORGANIZATIONAL ELEMENT TO WHICH THIS REPORT IS SUBMITTED		4. FEDERAL GRANT OR OTHER IDENTIFYING NUMBER ASSIGNED BY FEDERAL AGENCY		5. PARTIAL PAYMENT REQUEST NUMBER FOR THIS REQUEST
6. EMPLOYER IDENTIFICATION NUMBER	7. RECIPIENT'S ACCOUNT NUMBER OR IDENTIFYING NUMBER	8. PERIOD COVERED BY THIS REQUEST FROM (month, day, year) TO (month, day, year)		
9. RECIPIENT ORGANIZATION  Name:  Number and Street:  City, State and ZIP Code:		10. PAYEE (Where check is to be sent or did arrive, show name)  Name:  Number and Street:  City, State and ZIP Code:		
11. COMPUTATION OF AMOUNT OF REIMBURSEMENTS/ADVANCES REQUESTED				
PROGRAMS/FUNCTIONS/ACTIVITIES ➤	(a)	(b)	(c)	TOTAL
a. Total program outlays to date (As of date)	\$	\$	\$	\$
b. Less: Cumulative program income				
c. Net program outlays (Less a minus line b)				
d. Estimated net cash outlays for advance period				
e. Total (Sum of lines c & d)				
f. Non-Federal share of amount on line e				
g. Federal share of amount on line e				
h. Federal payments previously requested				
i. Federal share now requested (Less g minus line h)				
j. Advances required by month, when requested by Federal grantor agency for use in making pre-scheduled advances	1st month	2nd month	3rd month	
12. ALTERNATE COMPUTATION FOR ADVANCES ONLY				
a. Estimated Federal cash outlays that will be made during period covered by the advance				\$
b. Less: Estimated balance of Federal cash on hand as of beginning of advance period				
c. Amount requested (Less a minus line b)				\$
13. CERTIFICATION				
I certify that to the best of my knowledge and belief the data above are correct and that all outlays were made in accordance with the grant conditions or other agreement and that payment is due and has not been previously requested.			SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL	DATE REQUEST SUBMITTED
			TYPED OR PRINTED NAME AND TITLE	
TELEPHONE	Area Code	Number	Extension	
This space for agency use				

# Office of Management and Budget Circular A-110 (7/30/76)

## INSTRUCTIONS

Please type or print legibly. Items 1, 3, 5, 9, 10, 11c, 11e, 11f, 11g, 11i, 12 and 13 are self-explanatory. Specific instructions for other items are as follows:

Item	Entry	Item	Entry
2	Indicate whether request is prepared on cash or accrued expenditure basis. All requests for advances shall be prepared on a cash basis.		use as many additional forms as needed and indicate page number in space provided in upper right; however, the summary totals of all programs, functions, or activities should be shown in the "total" column on the first page.
4	Enter the Federal grant number, or other identifying number assigned by the Federal sponsoring agency. If the advance or reimbursement is for more than one grant or other agreement, insert N/A; then, show the aggregate amounts. On a separate sheet, list each grant or agreement number and the Federal share of outlays made against the grant or agreement.	11a	Enter in "as of date", the month, day, and year of the ending of the accounting period to which this amount applies. Enter program outlays to date (net of refunds, rebates, and discounts), in the appropriate columns. For requests prepared on a cash basis, outlays are the sum of actual cash disbursements for goods and services, the amount of indirect expenses charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to subcontractors and subrecipients. For requests prepared on an accrued expenditure basis, outlays are the sum of the actual cash disbursements, the amount of indirect expenses incurred, and the net increase (or decrease) in the amounts owed by the recipient for goods and other property received and for services performed by employees, contractors, subgrantees and other payees.
6	Enter the employer identification number assigned by the U.S. Internal Revenue Service, or the FICE (institution) code if requested by the Federal agency.	11b	Enter the cumulative cash income received to date. If requests are prepared on a cash basis. For requests prepared on an accrued expenditure basis, enter the cumulative income earned to date. Under either basis, enter only the amount applicable to program income that was required to be used for the project or program by the terms of the grant or other agreement.
7	This space is reserved for an account number or other identifying number that may be assigned by the recipient.	11d	Only when making requests for advance payments, enter the total estimated amount of cash outlays that will be made during the period covered by the advance.
8	Enter the month, day, and year for the beginning and ending of the period covered in this request. If the request is for an advance or for both an advance and reimbursement, show the period that the advance will cover. If the request is for reimbursement, show the period for which the reimbursement is requested.	13	Complete the certification before submitting this request.
Note: The Federal sponsoring agencies have the option of requiring recipients to complete items 11 or 12, but not both. Item 12 should be used when only a minimum amount of information is needed to make an advance and outlay information contained in item 11 can be obtained in a timely manner from other reports.			
11	The purpose of the vertical columns (a), (b), and (c), is to provide space for separate cost breakdowns when a project has been planned and budgeted by program, function, or activity. If additional columns are needed,		

## Office of Management and Budget Circular A-110 (7/30/76)

<b>OUTLAY REPORT AND REQUEST FOR REIMBURSEMENT FOR CONSTRUCTION PROGRAMS</b> <small>(See instructions on back)</small>				Approved by Office of Management and Budget, No. 80-RO181		PAGE <span style="border-bottom: 1px solid black; width: 50px; display: inline-block;"></span> OF <span style="border-bottom: 1px solid black; width: 50px; display: inline-block;"></span> PAGES
1. FEDERAL SPONSORING AGENCY AND ORGANIZATIONAL ELEMENT TO WHICH THIS REPORT IS SUBMITTED		3. TYPE OF REQUEST <input type="checkbox"/> FINAL <input type="checkbox"/> PARTIAL		2. BASIS OF REQUEST <input type="checkbox"/> CASH <input type="checkbox"/> ACCRUAL		
6. EMPLOYER IDENTIFICATION NUMBER		7. RECIPIENT ACCOUNT OR OTHER IDENTIFYING NUMBER		4. FEDERAL GRANT OR OTHER IDENTIFYING NUMBER ASSIGNED BY FEDERAL AGENCY		
5. RECIPIENT ORGANIZATION  <small>Name</small>  <small>No. and Street</small> <small>City, State and ZIP Code</small>		8. PERIOD COVERED BY THIS REPORT FROM (Month, day, year)    TO (Month, day, year)				
9. PAYEE (Where check should be sent if different from item 5)		10. PAYEE (Where check should be sent if different from item 9)  <small>Name</small>  <small>No. and Street</small> <small>City, State and ZIP Code</small>				
<b>11. STATUS OF FUNDS</b>						
CLASSIFICATION	(a)	(b)	(c)	TOTAL		
a. Administrative expense	\$	\$	\$	\$		
b. Preliminary expense						
c. Land, structures, right-of-way						
d. Architectural engineering basic fees						
e. Other architectural engineering fees						
f. Project inspection fees						
g. Land development						
h. Relocation expense						
i. Relocation payments to individuals and businesses						
j. Demolition and removal						
k. Construction and project improvement cost						
l. Equipment						
m. Miscellaneous cost						
n. Total cumulative to date (sum of lines a thru m)						
o. Deductions for program income						
p. Net cumulative to date (Line n minus line o)						
q. Federal share to date						
r. Rehabilitation grants (100% reimbursement)						
s. Total Federal share (sum of lines o and r)						
t. Federal payments previously requested						
u. Amount requested for reimbursement	\$	\$	\$	\$		
v. Percentage of physical completion of project	%	%	%	%		
<b>12. CERTIFICATION</b>						
I certify that to the best of my knowledge and belief the billed costs or disbursements are in accordance with the terms of the project and that the reimbursement represents the Federal share due which has not been previously requested and that an inspection has been performed and all work is in accordance with the terms of the award.		a. RECIPIENT  SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL  TYPED OR PRINTED NAME AND TITLE		DATE REPORT SUBMITTED  TELEPHONE (Area code, number and extension)		
b. Representative certifying to line 11v		SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL  TYPED OR PRINTED NAME AND TITLE		DATE SIGNED  TELEPHONE (Area code, number and extension)		

271-101 EXHIBIT 2

 STANDARD FORM 271 (7-76)  
 Prescribed by Office of Management and Budget  
 CIRCULAR NO. A110

# Office of Management and Budget Circular A-110 (7/30/76)

## INSTRUCTIONS

Please type or print legibly. Items 3, 4, 5, 8, 9, 10, 11a, and 11v are self-explanatory; specific instructions for other items are as follows:

Item	Entry	Item	Entry
1	Mark the appropriate box. If the request is final, the amounts listed should represent the final cost of the project.	11j	Enter gross salaries and wages of employees of the recipient and payments to third party contractors directly engaged in performing demolition or removal of structures from developed land. All proceeds from the sale of salvage or the removal of structures should be credited to this account; thereby reflecting net amounts if required by the Federal agency.
2	Show whether amounts are computed on an accrued expenditure or cash disbursement basis.	11k	Enter those amounts associated with the actual construction of, addition to, or restoration of a facility. Also, include in this category, the amounts for project improvements such as sewers, streets, landscaping, and lighting.
6	Enter the employer identification number assigned by the U.S. Internal Revenue Service (or FICE (institution) code if requested by the Federal agency).	11l	Enter amounts for all equipment, both fixed and movable, exclusive of equipment used for construction. For example, permanently attached laboratory tables, built-in audio visual systems, movable desks, chairs, and laboratory equipment.
7	This space is reserved for an account number or other identifying number that may be assigned by the recipient.	11m	Enter the amounts for all items not specifically mentioned above.
11	The purpose of vertical columns (a) through (c) is to provide space for separate cost breakdowns when a large project has been planned and budgeted by program, function or activity. If additional columns are needed, use as many additional forms as needed and indicate page number in space provided in upper right; however, the summary totals of all programs, functions, or activities should be shown in the "total" column on the first page. All amounts are reported on a summation basis.	11n	Enter the total cumulative amount to date which should be the sum of lines a through m.
11a	Enter amounts expended for such items as travel, legal fees, rental, of vehicles and any other administrative expenses. Include the amount of interest expenses when authorized by program legislation. Also show the amount of interest expenses on a separate sheet.	11o	Enter the total amount of program income applied to the grant or contract agreement, except income included on line j. Identify on a separate sheet of paper the sources and types of the income.
11b	Enter amounts pertaining to the work of locating and designing, making surveys and maps, sinking test holes, and all other work required prior to actual construction.	11p	Enter the net cumulative amount to date which should be the amount shown on line a minus the amount on line o.
11c	Enter all amounts directly associated with the acquisition of land, existing structures and related right-of-way.	11q	Enter the Federal share of the amount shown on line p.
11d	Enter basic fees for services of architectural engineers.	11r	Enter the amount of rehabilitation grant payments made to individuals when program legislation provides 100 percent payment by the Federal agency.
11e	Enter other architectural engineering services. Do not include any amounts shown on line d.	11t	Enter the total amount of Federal payments previously requested. If this form is used for requesting reimbursement.
11f	Enter inspection and audit fees of construction and related programs.	11u	Enter the amount now being requested for reimbursement. This amount should be the difference between the amounts shown on lines a and t. If different, explain on a separate sheet.
11g	Enter all amounts associated with the development of land where the primary purpose of the grant is land improvement. The amount pertaining to land development normally associated with major construction should be excluded from this category and entered on line k.	12a	To be completed by the recipient official who is responsible for the operation of the program. The date should be the actual date the form is submitted to the Federal agency.
11h	Enter the dollar amounts used to provide relocation advisory assistance and net costs of replacement housing (test report). Do not include amounts assessed for relocation administrative expenses; these amounts should be included in amounts shown on line s.	12b	To be completed by the official representative who is certifying to the percent of project completion as provided for in the terms of the grant or agreement.
11i	Enter the amount of relocation payments made by the recipient to displaced persons, farms, business concerns, and nonprofit organizations.		

## Office of Management and Budget Circular A-110 (7/30/76)

### ATTACHMENT H—CIRCULAR NO. A-110 MONITORING AND REPORTING PROGRAM PERFORMANCE

1 This attachment sets forth the procedures for monitoring and reporting program performance of recipients.

2 Recipients shall monitor the performance under grants and other agreements and, where appropriate, ensure that time schedules are being met, projected work units by time periods are being accomplished, and other performance goals are being achieved. This review shall be made for each program, function, or activity of each agreement as set forth in the approved application or award document.

3 Recipients shall submit a performance report (technical report) for each agreement that briefly presents the following information for each program, function, or activity involved as prescribed by the Federal sponsoring agency:

a. A comparison of actual accomplishments with the goals established for the period, the findings of the investigator, or both. If the output of programs or projects can be readily quantified, such quantitative data should be related to cost data for computation of unit costs.

b. Reasons why established goals were not met.

c. Other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

4 Except as provided in a and b below, and in subparagraph 3a(1), Attachment G, recipients shall submit the performance or technical reports to Federal sponsoring agencies and the Financial Status Reports covering the same period in the frequency established by Attachment O of this Circular and, where appropriate, a final technical or performance report after completion of the project on a date specified by the Federal sponsoring agency. The Federal sponsoring agency shall prescribe the frequency with which the performance reports will be submitted with the request for advance or reimbursement when that form is used in lieu of the Financial Status Report. Except as provided for in paragraph 5 below, performance reports shall not be required more frequently than quarterly or less frequently than annually. Federal sponsoring agencies may waive the requirement for recipients to submit performance reports with the financial reports under the following circumstances:

a. When the recipient is required to submit a performance report with a continuation or renewal application.

b. When the Federal sponsoring agency determines that on-site technical inspections and certified completion data will be sufficient to evaluate construction projects.

c. When the Federal sponsoring agency requests annual financial reports on a fiscal year basis but it is necessary to get annual progress reports on a calendar year basis.

5 Between the required performance reporting dates, events may occur that have significant impact upon the project or program. In such instances, the recipient shall inform the Federal sponsoring agency as soon as the following types of conditions become known:

a. Problems, delays, or adverse conditions that will materially affect the ability to attain program objectives, prevent the meeting of time schedules and goals, or preclude the attainment of project work units by established time periods. This disclosure shall be accompanied by a statement of the action taken, or contemplated, and any Federal assistance needed to resolve the situation.

b. Favorable developments or events that enable time schedules to be met sooner than

anticipated or more work units to be produced than originally projected.

6 If any performance review conducted by the recipient discloses the need for change in the budget estimates in accordance with the criteria established in Attachment J to this Circular, the recipient shall submit a request for budget revision.

7 The Federal sponsoring agency shall make site visits as frequently as practicable to:

a. Review program accomplishments and management control systems, and

b. Provide such technical assistance as may be required.

8 Federal sponsoring agencies shall submit proposed technical and performance reports to the Office of Management and Budget for approval in accordance with the report clearance requirements of OMB Circular No. A-40 as revised.

### ATTACHMENT I—CIRCULAR NO. A-110 \* PAYMENT REQUIREMENTS

1. This attachment establishes the required methods of making payments to recipients. These methods will minimize the time elapsing between the disbursement by these recipients and the transfer of funds from the United States Treasury to these recipients whether such disbursement occurs prior to or subsequent to the transfer of funds.

2. Payments can be made to recipients through a letter-of-credit, an advance by Treasury check, or a reimbursement by Treasury check. The following definitions apply for the purpose of this attachment:

a. *Letter-of-Credit*—A letter-of-credit is an instrument certified by an authorized official of a Federal sponsoring agency that authorizes a recipient to draw funds when needed from the Treasury, through a Federal Reserve bank and the recipient's commercial bank, in accordance with the provisions of Treasury Circular No. 1075, as revised.

b. *Advance by Treasury check*—An advance by Treasury check is a payment made by a Treasury check to a recipient upon its request before outlays are made by the recipient, or through the use of predetermined payment schedules.

c. *Reimbursement by Treasury check*—A reimbursement by Treasury check is a Treasury check paid to a recipient upon request for reimbursement from the recipient.

3 Except for construction grants and other construction agreements for which optional payment methods are authorized, as described in paragraph 5, the letter-of-credit method shall be used by Federal sponsoring agencies if all of the following conditions exist:

a. If there is or will be a continuing relationship between a recipient and a Federal sponsoring agency for at least a 12-month period and the total amount of advance payments expected to be received within that period from the Federal sponsoring agency is \$250,000 or more, as prescribed by Treasury Circular No. 1075. For joint funded projects the Treasury has authorized a dollar criteria of \$120,000.

b. If the recipient has established or demonstrated to the Federal sponsoring agency the willingness and ability to maintain procedures that will minimize the time elapsing between the transfer of funds and their disbursement by the recipient.

c. If the recipient's financial management system meets the standards for fund control and accountability prescribed in Attachment P to this Circular, "Standards for Financial Management Systems."

4 The method of advancing funds by Treasury check shall be used, in accordance with the provisions of Treasury Circular No.

1075, when the recipient meets all of the requirements specified in paragraph 3, above, except those in subparagraph 3a.

5 The reimbursement by Treasury check method shall be the preferred method if the recipient does not meet the requirements specified in subparagraphs 3b and 3c, above. At the option of the Federal sponsoring agency, this method may also be used on any construction agreement, or if the major portion of the program is accomplished through private market financing or Federal loans, and the Federal assistance constitutes a minor portion of the program. When the reimbursement method is used, the Federal sponsoring agency shall make payment within thirty days after receipt of the billing, unless the billing is improper.

6 When the letter-of-credit procedure is used, the recipient shall be issued one consolidated letter-of-credit whenever possible to cover anticipated cash needs for all grants and other agreements awarded by the sponsoring agency. Likewise, to the extent possible, when the advance by Treasury check method is used, advances should be consolidated (pooled) for all grants and other agreements made by the sponsoring agency to that recipient.

7 Unless otherwise required by law, Federal sponsoring agencies shall not withhold payments for proper charges made by recipients at any time during the project or program period unless (a) a recipient has failed to comply with the program objectives, award conditions, or Federal reporting requirements; or (b) the recipient is indebted to the United States, and collection of the indebtedness will not impair accomplishment of the objectives of a project or program sponsored by the United States.

Under such conditions, the sponsoring agency may, upon reasonable notice, inform the recipient that payments will not be made for obligations incurred after a specified date until the conditions are corrected or the indebtedness to the Federal Government is liquidated.

### ATTACHMENT J—CIRCULAR NO. A-110 REVISION OF FINANCIAL PLANS

1. This attachment sets forth criteria and procedures to be followed by Federal sponsoring agencies in requiring recipients to report deviations from financial plans and to request approvals for financial plan revisions.

2. The financial plan is the financial expression of the project or program as approved during the application and/or award process. It may include either the Federal and non-Federal share, or only the Federal share, depending upon sponsoring agency requirements. It should be related to performance for program evaluation purposes whenever appropriate and required by the Federal sponsoring agency.

3 For nonconstruction awards, recipients shall immediately request approvals from Federal sponsoring agencies when there is reason to believe that within the next seven days a revision will be necessary for the following reasons:

a. Changes in the scope or the objective of the project or program.

b. The need for additional Federal funding.

c. The transfer of amounts budgeted for indirect costs to absorb increases indirect costs or vice versa. If approval is required by the Federal sponsoring agency.

d. The expenditures as require approval in accordance with FMC 73-8, "Cost Principles for Educational Institutions." For all other awards, approval requirements for other items of expenditures may be imposed if they are consistent with those in FMC 73-8. No other requirements for specific items may be

\* Revision to Attachment I issued Feb. 10, 1987

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imposed unless a deviation has been approved by the Office of Management and Budget.

e. Recipients plan to transfer funds allotted for training allowances (direct payments to trainees) to other categories of expense.

4. None of the substantive programmatic work under a grant or other agreement may be subcontracted or transferred without prior approval of the Federal sponsoring agency. This provision does not apply to the purchase of supplies, material, equipment, or general support services.

5. The Federal sponsoring agency may also, at its option, restrict transfers of funds among direct cost categories for awards in which the Federal share exceeds \$100,000 when the cumulative amount of such transfers exceeds or is expected to exceed five percent of the total budget as last approved by the sponsoring agency. The same criteria shall apply to the cumulative amount of transfers among programs, functions, and activities when budgeted separately for an award, except that the Federal sponsoring agency shall permit no transfer that would cause any Federal appropriation, or part thereof, to be used for purposes other than those intended.

6. All other changes to nonconstruction budgets, except for the changes described in paragraph 8, below, do not require approval. This includes the use of recipient funds in furtherance of program objectives over and above the recipient minimum share included in the approved budget.

7. For construction awards, recipients shall request prior approvals promptly from Federal sponsoring agencies for budget revisions whenever:

a. The revision results from changes in the scope or the objective of the project or program, and

b. The revision increases the budget amounts of Federal funds needed to complete the project.

8. When a Federal sponsoring agency makes an award that provides support for both construction and nonconstruction work, the Federal sponsoring agency may require the recipient to request prior approval from the Federal sponsoring agency before making any fund or budget transfers between the two types of work supported.

9. For both construction and nonconstruction awards, Federal sponsoring agencies shall require recipients to notify the Federal sponsoring agency promptly whenever the amount of Federal authorized funds is expected to exceed the needs of the recipient by more than \$5,000 or five percent of the Federal award, whichever is greater. This notification will not be required if applications for additional funding are submitted for continuing grants or contracts.

10. When requesting approval for budget revisions, recipients shall use the budget forms that were used in the application unless a letter request will suffice.

11. Within 30 calendar days from the date of receipt of the request for budget revisions, Federal sponsoring agencies shall review the request and notify the recipient whether the budget revisions have been approved. If the revision is still under consideration at the end of 30 calendar days, the Federal sponsoring agency shall inform the recipient in writing of the date when the recipient may expect the decision.

### ATTACHMENT K—CIRCULAR NO. A-110

#### CLOSEOUT PROCEDURES

1. This attachment prescribes uniform closeout procedures for Federal grants and other agreements with recipients.

2. The following definitions shall apply for the purpose of this attachment:

a. **Closeout.**—The closeout of a grant agreement is the process by which a Federal sponsoring agency determines that all applicable administrative actions and all required work of the agreement have been completed by the recipient and the Federal sponsoring agency.

b. **Date of completion.**—The date of completion is the date on which all work under grants and other agreements is completed or the date on the award document, or any supplement or amendment thereto, on which Federal sponsorship ends.

c. **Disallowed costs.**—Disallowed costs are those charges to a grant or other agreement that the Federal sponsoring agency or its representative determines to be unallowable, in accordance with the applicable Federal cost principles or other conditions contained in the agreements.

3. All Federal sponsoring agencies shall establish closeout procedures that include the following requirements:

a. Upon request, the Federal sponsoring agency shall make prompt payments to a recipient for allowable reimbursable costs under the grant or other agreement being closed out.

b. The recipient shall immediately refund any balance of unobligated (unencumbered) cash that the Federal sponsoring agency has advanced or paid and that is not authorized to be retained by the recipient for use in other grants or other agreements.

c. The Federal sponsoring agency shall obtain from the recipient within 90 calendar days after the date of completion of the agreement all financial, performance, and other reports required as the condition of the agreement. The agency may grant extensions when requested by the recipient.

d. When authorized by the grant or other agreement, the Federal sponsoring agency shall make a settlement for any upward or downward adjustments to the Federal share of costs after these reports are received.

e. The recipient shall account for any property acquired with Federal funds, or received from the Government in accordance with the provisions of Attachment N to this Circular, Property Management Standards.

f. In the event a final audit has not been performed prior to the closeout of the grant or other agreement, the Federal sponsoring agency shall retain the right to recover an appropriate amount after fully considering the recommendations on disallowed costs resulting from the final audit.

4. Suspension and termination procedures are contained in Attachment L to this Circular.

### ATTACHMENT L—CIRCULAR NO. A-110

#### SUSPENSION AND TERMINATION PROCEDURES

1. This attachment prescribes uniform suspension and termination procedures for Federal grants and other agreements with recipients.

2. The following definitions shall apply for the purpose of this attachment:

a. **Termination.**—The termination of a grant or other agreement means the cancellation of Federal sponsorship, in whole or in part, under an agreement at any time prior to the date of completion.

b. **Suspension.**—The suspension of a grant or other agreement is an action by a Federal sponsoring agency that temporarily suspends Federal sponsorship under the grant or other agreement, pending corrective action by the recipient or pending a decision to terminate the grant or other agreement by the Federal sponsoring agency.

3. All Federal sponsoring agencies shall provide procedures to be followed when a recipient has failed to comply with the terms

of the grant or other agreement and conditions or standards. When that occurs, the Federal sponsoring agency may, on reasonable notice to the recipient, suspend the grant or other agreement, and withhold further payments, prohibit the recipient from incurring additional obligations of funds, pending corrective action by the recipient, or a decision to termination in accordance with paragraph 4. The Federal sponsoring agency shall allow all necessary and proper costs that the recipient could not reasonably avoid during the period of suspension provided that they meet the provisions of the applicable Federal cost principles.

4. Federal sponsoring agencies shall provide for the systematic settlement of terminated grants or other agreements including the following:

a. **Termination for cause.**—The Federal sponsoring agency may reserve the right to terminate any grant or other agreement in whole or in part at any time before the date of completion, whenever it is determined that the recipient has failed to comply with the conditions of the agreement. The Federal sponsoring agency shall promptly notify the recipient in writing of the determination and the reasons for the termination, together with the effective date. Payments made to recipients or recoveries by the Federal sponsoring agencies under grants or other agreements terminated for cause shall be in accordance with the legal rights and liabilities of the parties.

b. **Termination for convenience.**—The Federal sponsoring agency or recipient may terminate grants and other agreements in whole or in part when both parties agree that the continuation of the project would not produce beneficial results commensurate with the further expenditure of funds. The two parties shall agree upon the termination conditions, including the effective date and, in the case of partial terminations, the portion to be terminated. The recipient shall not incur new obligations for the terminated portion after the effective date, and shall cancel as many outstanding obligations as possible. The Federal sponsoring agency shall allow full credit to the recipient for the Federal share of the noncancellable obligations, properly incurred by the recipient prior to termination.

### ATTACHMENT M—CIRCULAR NO. A-110

#### STANDARD FORM FOR APPLYING FOR FEDERAL ASSISTANCE

1. This attachment promulgates a standard form (SF 424) to be used by public and private institutions of higher education, public and private hospitals and other quasi-public and private nonprofit organizations as a face sheet for applications when applying for Federal grants under programs covered by Part I, Attachment A, OMB Circular No. A-95. In addition, agencies are particularly encouraged to extend the use of SF 424 to common programs with State and local governments where this form is now required by FMC 74-7.

2. The SF 424 may also be used, on an optional basis, to fulfill the requirements of OMB Circular A-95 for a notification of intent, from applicant to clearinghouses, that Federal assistance will be applied for. Local or State clearinghouse procedures will govern the use of the form for this purpose.

3. The standard form will also be used by Federal agencies to report to the clearinghouses on major actions taken on applications reviewed by clearinghouses in accordance with OMB Circular A-95, and to notify States of grants-in-aid awarded in accordance with Treasury Circular 1082.

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OMB Approval No. 29-RO218

FEDERAL ASSISTANCE		2. APPLICANT'S APPLICATION	a. NUMBER	3. STATE APPLICATION IDENTIFIER	a. NUMBER
1. TYPE OF ACTION	<input type="checkbox"/> PREAPPLICATION <input type="checkbox"/> APPLICATION <input type="checkbox"/> NOTIFICATION OF INTENT (Opt.) <input type="checkbox"/> REPORT OF FEDERAL ACTION	b. DATE	Year month day	b. DATE	Year month day
(Mark appropriate box)			19	ASSIGNED	19
4. LEGAL APPLICANT/RECIPIENT		5. FEDERAL EMPLOYER IDENTIFICATION NO.			
a. Applicant Name b. Organization Unit c. Street/P.O. Box d. City e. State f. Contact Person (Name & telephone No.)		g. County h. ZIP Code		6. PROGRAM (From Federal Catalog) a. NUMBER b. TITLE	
7. TITLE AND DESCRIPTION OF APPLICANT'S PROJECT		8. TYPE OF APPLICANT/RECIPIENT			
		A-State B-Interstate C-Substate D-District E-City F-School District G-Special Purpose District H-Community Action Agency I-Higher Educational Institution J-Indian Tribe K-Other (Specify):			
		Enter appropriate letter <input type="checkbox"/>			
10. AREA OF PROJECT IMPACT (Names of cities, counties, States, etc.)		11. ESTIMATED NUMBER OF PERSONS BENEFITING		12. TYPE OF APPLICATION	
				A-New B-Renewal C-Revision D-Continuation E-Augmentation Enter appropriate letter <input type="checkbox"/>	
13. PROPOSED FUNDING		14. CONGRESSIONAL DISTRICTS OF		15. TYPE OF CHANGE (For 13c or 13d)	
a. FEDERAL \$ .00 b. APPLICANT .00 c. STATE .00 d. LOCAL .00 e. OTHER .00 f. TOTAL \$ .00		a. APPLICANT b. PROJECT 16. PROJECT START DATE Year month day 19 17. PROJECT DURATION Months 18. ESTIMATED DATE TO BE SUBMITTED TO FEDERAL AGENCY Year month day 19		A-Increase Dollars B-Decrease Dollars C-Increase Duration D-Decrease Duration E-Cancellation F-Other (Specify): Enter appropriate letter(s) <input type="checkbox"/>	
20. FEDERAL AGENCY TO RECEIVE REQUEST (Name, City, State, ZIP code)		21. REMARKS ADDED			
		<input type="checkbox"/> Yes <input type="checkbox"/> No			
22. THE APPLICANT CERTIFIES THAT		a. To the best of my knowledge and belief, data in this preapplication/application are true and correct, the document has been duly authorized by the governing body of the applicant and the applicant will comply with the attached assurances if the assistance is approved. (1) (2) (3)		b. If required by OMB Circular A-95 this application was submitted, pursuant to instructions therein, to appropriate clearinghouses and all responses are attached. No response attached <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
23. CERTIFYING REPRESENTATIVE		a. TYPED NAME AND TITLE		b. SIGNATURE	
				c. DATE SIGNED Year month day 19	
24. AGENCY NAME		25. APPLICATION RECEIVED 19			
26. ORGANIZATIONAL UNIT		27. ADMINISTRATIVE OFFICE		28. FEDERAL APPLICATION IDENTIFICATION	
29. ADDRESS				30. FEDERAL GRANT IDENTIFICATION	
31. ACTION TAKEN		32. FUNDING		33. ACTION DATE Year month day 19	
<input type="checkbox"/> a. AWARDED <input type="checkbox"/> b. REJECTED <input type="checkbox"/> c. RETURNED FOR AMENDMENT <input type="checkbox"/> d. DEFERRED <input type="checkbox"/> e. WITHDRAWN		a. FEDERAL \$ .00 b. APPLICANT .00 c. STATE .00 d. LOCAL .00 e. OTHER .00 f. TOTAL \$ .00		34. STARTING DATE 19 35. CONTACT FOR ADDITIONAL INFORMATION (Name and telephone number) 36. ENDING DATE 19 37. REMARKS ADDED <input type="checkbox"/> Yes <input type="checkbox"/> No	
38. FEDERAL AGENCY A-95 ACTION		a. In taking above action, any comments received from clearinghouses were considered. If agency response is due under provisions of Part I, OMB Circular A-95, it has been or is being made. b. FEDERAL AGENCY A-95 OFFICIAL (Name and telephone no.)			

STANDARD FORM 424 PAGE 1 (10-75)  
Prescribed by GSA, Federal Management Circular 74-7

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**SECTION IV-REMARKS** *(Please reference the proper item number from Sections I, II or III, if applicable)*



## GENERAL INSTRUCTIONS

This is a multi-purpose standard form. First, it will be used by applicants as a required facesheet for pre-applications and applications submitted in accordance with Federal Management Circular 74-7. Second, it will be used by Federal agencies to report to Clearinghouses on major actions taken on applications reviewed by clearinghouses in accordance with OMB Circular A-95. Third, it will be used by Federal agencies to notify States of grants-in-aid awarded in accordance with Treasury Circular 1082. Fourth, it may be used, on an optional basis, as a notification of intent from applicants to clearinghouses, as an early initial notice that Federal assistance is to be applied for (clearinghouse procedures will govern).

## APPLICANT PROCEDURES FOR SECTION I

Applicant will complete all items in Section I. If an item is not applicable, write "NA". If additional space is needed, insert an asterisk "\*", and use the remarks section on the back of the form. An explanation follows for each item:

- | Item   | Item  |
|--|---|
| 1. Mark appropriate box. Pre-application and application guidance is in FMC 74-7 and Federal agency program instructions. Notification of intent guidance is in Circular A-95 procedures from clearinghouse. Applicant will not use "Report of Federal Action" box.  | D. Insurance. Self explanatory.   |
| 2a. Applicant's own control number, if desired.  | E. Other. Explain on remarks page.  |
| 2b. Date Section I is prepared.  | 10. Governmental unit where significant and meaningful impact could be observed. List only largest unit or units affected, such as State, county, or city. If entire unit affected, list it rather than subunits.   |
| 3a. Number assigned by State clearinghouse, or if delegated by State, by areawide clearinghouse. All requests to Federal agencies must contain this identifier if the program is covered by Circular A-95 and required by applicable State/areawide clearinghouse procedures. If in doubt, consult your clearinghouse. | 11. Estimated number of persons directly benefiting from project.   |
| 3b. Date applicant notified of clearinghouse identifier.   | 12. Use appropriate code letter. Definitions are:   |
| 4a-4h. Legal name of applicant/recipient, name of primary organizational unit which will undertake the assistance activity, complete address of applicant, and name and telephone number of person who can provide further information about this request.   | A. New. A submittal for the first time for a new project.   |
| 5. Employer identification number of applicant as assigned by Internal Revenue Service.  | B. Renewal. An extension for an additional funding/budget period for a project having no projected completion date, but for which Federal support must be renewed each year.  |
| 6a. Use Catalog of Federal Domestic Assistance number assigned to program under which assistance is requested. If more than one program (e.g., joint-funding) write "multiple" and explain in remarks. If unknown, cite Public Law or U.S. Code.   | C. Revision. A modification to project nature or scope which may result in funding change (increase or decrease).   |
| 6b. Program title from Federal Catalog. Abbreviate if necessary.   | D. Continuation. An extension for an additional funding/budget period for a project the agency initially agreed to fund for a definite number of years.   |
| 7. Brief title and appropriate description of project. For notification of intent, continue in remarks section if necessary to convey proper description.  | E. Augmentation. A requirement for additional funds for a project previously awarded funds in the same funding/budget period. Project nature and scope unchanged.   |
| 8. Mostly self-explanatory. "City" includes town, township or other municipality.  | 13. Amount requested or to be contributed during the first funding/budget period by each contributor. Value of in-kind contributions will be included. If the action is a change in dollar amount of an existing grant (a revision or augmentation), indicate only the amount of the change. For decreases enclose the amount in parentheses. If both basic and supplemental amounts are included, breakout in remarks. For multiple program funding, use totals and show program breakouts in remarks. Item definitions: 13a, amount requested from Federal Government; 13b, amount applicant will contribute; 13c, amount from State, if applicant is not a State; 13d, amount from local government, if applicant is not a local government; 13e, amount from any other sources, explain in remarks. |
| 9. Check the type(s) of assistance requested. The definitions of the terms are:  | 14a. Self explanatory.  |
| A. Basic Grant. An original request for Federal funds. This would not include any contribution provided under a supplemental grant.  | 14b. The district(s) where most of actual work will be accomplished. If city-wide or State-wide, covering several districts, write "city-wide" or "State-wide."   |
| B. Supplemental Grant. A request to increase a basic grant in certain cases where the eligible applicant cannot supply the required matching share of the basic Federal program (e.g., grants awarded by the Appalachian Regional Commission to provide the applicant a matching share).                               | 15. Complete only for revisions (item 12c), or augmentations (item 12e).  |
| C. Loan. Self explanatory.   |   |

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- | Item |  | Item |  |
|------|--|------|--|
| 16.  | Approximate date project expected to begin (usually associated with estimated date of availability of funding).  | 19.  | Existing Federal identification number if this is not a new request and directly relates to a previous Federal action. Otherwise write "NA". |
| 17.  | Estimated number of months to complete project after Federal funds are available.  | 20.  | Indicate Federal agency to which this request is addressed. Street address not required, but do use ZIP.                                     |
| 18.  | Estimated date preapplication/application will be submitted to Federal agency if this project requires clearinghouse review. If review not required, this date would usually be same as date in item 2b. | 21.  | Check appropriate box as to whether Section IV of form contains remarks and/or additional remarks are attached.                              |

## APPLICANT PROCEDURES FOR SECTION II

Applicants will always complete items 23a, 23b, and 23c. If clearinghouse review is required, item 22b must be fully completed. An explanation follows for each item:

- | Item |   | Item  |   |
|------|---|-------|---|
| 22b. | List clearinghouses to which submitted and show in appropriate blocks the status of their responses. For more than three clearinghouses, continue in remarks section. All written comments submitted by or through clearinghouses must be attached. | 23b.  | Self explanatory.   |
| 23a. | Name and title of authorized representative of legal applicant.   | 23c.  | Self explanatory.   |
|      |   | Note: | Applicant completes only Sections I and II. Section III is completed by Federal agencies. |

## FEDERAL AGENCY PROCEDURES FOR SECTION III

If applicant-supplied information in Sections I and II needs no updating or adjustment to fit the final Federal action, the Federal agency will complete Section III only. An explanation for each item follows:

- | Item |  | Item |   |
|------|--|------|---|
| 24.  | Executive department or independent agency having program administration responsibility.   | 35.  | Name and telephone no. of agency person who can provide more information regarding this assistance.   |
| 25.  | Self explanatory.  | 36.  | Date after which funds will no longer be available.   |
| 26.  | Primary organizational unit below department level having direct program management responsibility.  | 37.  | Check appropriate box as to whether Section IV of form contains Federal remarks and/or attachment of additional remarks.  |
| 27.  | Office directly monitoring the program.  | 38.  | For use with A-95 action notices only. Name and telephone of person who can assure that appropriate A-95 action has been taken—if same as person shown in item 35, write "same". If not applicable, write "NA". |
| 28.  | Use to identify non-award actions where Federal grant identifier in item 30 is not applicable or will not suffice.   |      |   |
| 29.  | Complete address of administering office shown in item 26.   |      |   |
| 30.  | Use to identify award actions where different from Federal application identifier in item 28.  |      |   |
| 31.  | Self explanatory. Use remarks section to amplify where appropriate.  |      |   |
| 32.  | Amount to be contributed during the first funding/budget period by each contributor. Value of in-kind contributions will be included. If the action is a change in dollar amount of an existing grant (a revision or augmentation), indicate only the amount of change. For decreases, enclose the amount in parentheses. If both basic and supplemental amounts are included, breakout in remarks. For multiple program funding, use totals and show program breakouts in remarks. Item definitions: 32a, amount awarded by Federal Government; 32b, amount applicant will contribute; 32c, amount from State, if applicant is not a State; 32d, amount from local government if applicant is not a local government; 32e, amount from any other sources, explain in remarks. |      |   |
| 33.  | Date action was taken on this request.   |      |   |
| 34.  | Date funds will become available.  |      |   |

### Federal Agency Procedures—special considerations

- Treasury Circular 1082 compliance.** Federal agency will assure proper completion of Sections I and III. If Section I is being completed by Federal agency, all applicable items must be filled in. Addresses of State Information Reception Agencies (SCIRA's) are provided by Treasury Department to each agency. This form replaces SF 240, which will no longer be used.
- OMB Circular A-95 compliance.** Federal agency will assure proper completion of Sections I, II, and III. This form is required for notifying all reviewing clearinghouses of major actions on all programs reviewed under A-95. Addresses of State and area-wide clearinghouses are provided by OMB to each agency. Substantive differences between applicant's request and/or clearinghouse recommendations, and the project as finally awarded will be explained in A-95 notifications to clearinghouses.
- Special note.** In most, but not all States, the A-95 State clearinghouse and the (TC 1082) SCIRA are the same office. In such cases, the A-95 award notice to the State clearinghouse will fulfill the TC 1082 award notice requirement to the State SCIRA. Duplicate notification should be avoided.

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## ATTACHMENT N—CIRCULAR NO. A-110

### PROPERTY MANAGEMENT STANDARDS

1. This attachment prescribes uniform standards governing management of property furnished by the Federal Government or whose cost was charged to a project supported by a Federal grant or other agreement. Federal sponsoring agencies shall require recipients to observe these standards under grants and other agreements and shall not impose additional requirements unless specifically required by Federal law. The recipient may use its own property management standards and procedures provided it observes the provisions of this attachment. This attachment also applies to subrecipients as referred to in paragraph 5 of the basic circular.

2. The following definitions apply for the purpose of this attachment:

a. *Real property*—Real property means land, including land improvements, structures and appurtenances thereto, but excluding movable machinery and equipment.

b. *Personal property*—Personal property of any kind except real property. It may be tangible—having physical existence, or intangible—having no physical existence, such as patents, inventions and copyrights.

c. *Nonexpendable personal property*—Nonexpendable personal property means tangible personal property having a useful life of more than one year and an acquisition cost of \$300 or more per unit exempt that recipients subject to Cost Accounting Standards Board regulations may use the CASB standard of \$500 per unit and useful life of two years. A recipient may use its own definition of nonexpendable personal property provided that the definition would at least include all tangible personal property as defined above.

d. *Expendable personal property*—Expendable personal property refers to all tangible personal property other than nonexpendable property.

e. *Excess property*—Excess property means property under the control of any Federal agency that, as determined by the head thereof, is no longer required for its needs or the discharge of its responsibilities.

f. *Acquisition cost of purchased nonexpendable personal property*—Acquisition cost of an item of purchased nonexpendable personal property means the net invoice unit price of the property including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired. Other charges such as the cost of installation, transportation, taxes, duty or protective in-transit insurance, shall be included or excluded from the unit acquisition cost in accordance with the recipient's regular accounting practices.

g. *Exempt property*—Exempt property means tangible personal property acquired in whole or in part with Federal funds, and title to which is vested in the recipient without further obligation to the Federal Government except as provided in subparagraph 6a below. Such unconditional vesting of title will be pursuant to any Federal legislation that provides the Federal sponsoring agency with adequate authority.

3. *Real property*—Each Federal sponsoring agency shall prescribe requirements for recipients concerning the use and disposition of real property acquired partly or wholly under grants or other agreements. Unless otherwise provided by statute, such requirements, as a minimum, shall contain the following:

a. Title to real property shall vest in the recipient subject to the condition that the recipient shall use the real property for the authorized purpose of the project, as long as it is needed.

b. The recipient shall obtain approval by the Federal sponsoring agency for the use of real property in other projects when the recipient determines that the property is no longer needed for the purpose of the original project. Use in other projects shall be limited to those under other federally sponsored projects (i.e., grants or other agreements) or programs that have purposes consistent with those authorized for support by the Federal sponsoring agency.

c. When the real property is no longer needed as provided in a and b above, the recipient shall request disposition instructions from the Federal sponsoring agency or its successor Federal sponsoring agency. The Federal sponsoring agency shall observe the following rules in the disposition instructions:

(1) The recipient may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(2) The recipient may be directed to sell the property under guidelines provided by the Federal sponsoring agency and pay the Federal Government an amount computed by applying the Federal percentage of participation in the cost of the original project to the proceeds from sale (after deducting actual and reasonable selling and fix-up expenses, if any, from the sales proceeds). When the recipient is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.

(3) The recipient may be directed to transfer title to the property to the Federal Government provided that in such cases the recipient shall be entitled to compensation computed by applying the recipient's percentage of participation in the cost of the program or project to the current fair market value of the property.

4. *Federally-owned nonexpendable personal property*—Title to federally-owned property remains vested in the Federal Government. Recipients shall submit annually an inventory listing of federally-owned property in their custody to the Federal sponsoring agency. Upon completion of the agreement or when the property is no longer needed, the recipient shall report the property to the Federal sponsoring agency for further agency utilization.

If the Federal sponsoring agency has no further need for the property, it shall be declared excess and reported to the General Services Administration. Appropriate disposition instructions will be issued to the recipient after completion of the Federal agency review.

5. *Exempt property*—When statutory authority exists, (e.g., P.L. 85-934, 42 U.S.C. 1892) title to nonexpendable personal property acquired with project funds, shall be vested in the recipient upon acquisition unless it is determined that to do so is not in furtherance of the objectives of the Federal sponsoring agency. When title is vested in the recipient, the recipient shall have no other obligation or accountability to the Federal Government for its use or disposition except as provided in 6a below.

6. *Other nonexpendable property*—When other nonexpendable tangible personal property is acquired by a recipient with project funds, title shall not be taken by the Federal Government but shall vest in the recipient subject to the following conditions:

a. *Right to transfer title*—For items of nonexpendable personal property having a unit acquisition cost of \$1,000 or more, the Federal sponsoring agency may reserve the right to transfer the title to the Federal

Government or to a third party named by the Federal Government when such third party is otherwise eligible under existing statutes. Such reservation shall be subject to the following standards:

(1) The property shall be appropriately identified in the grant or other agreement or otherwise made known to the recipient in writing.

(2) The Federal sponsoring agency shall issue disposition instructions within 120 calendar days after the end of the Federal support of the project for which it was acquired. If the Federal sponsoring agency fails to issue disposition instructions within the 120 calendar day period, the recipient shall apply the standards of subparagraphs 6b and 6c as appropriate.

(3) When the Federal sponsoring agency exercises its right to take title, the personal property shall be subject to the provisions for federally-owned nonexpendable property discussed in paragraph 4, above.

(4) When title is transferred either to the Federal Government or to a third party the provisions of subparagraph 6c(2)(b) should be followed.

b. *Use of other tangible nonexpendable property for which the recipient has title*

(1) The recipient shall use the property in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When no longer needed for the original project or program, the recipient shall use the property in connection with its other federally sponsored activities, in the following order of priority:

(a) Activities, in the following order of priority:

(b) Activities sponsored by other Federal agencies.

(2) *Shared use*—During the time that nonexempt nonexpendable personal property is held for use on the project or program for which it was acquired, the recipient shall make it available for use on other projects or programs if such other use will not interfere with the work on the project or program for which the property was originally acquired. First preference for such other use shall be given to other projects or programs sponsored by the Federal agency that financed the property; second preference shall be given to projects or programs sponsored by other Federal agencies. If the property is owned by the Federal Government, use on other activities not sponsored by the Federal Government shall be permissible if authorized by the Federal agency. User charges should be considered if appropriate.

c. *Disposition of other nonexpendable property*—When the recipient no longer needs the property as provided in 6b above, the property may be used for other activities in accordance with the following standards:

(1) *Nonexpendable property with a unit acquisition cost of less than \$1,000*—The recipient may use the property for other activities without reimbursement to the Federal Government or sell the property and retain the proceeds.

(2) *Nonexpendable personal property with a unit acquisition cost of \$1,000 or more*—The recipient may retain the property for other uses provided that compensation is made to the original Federal sponsoring agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value of the property. If the recipient has no need for the property and the property has further use value, the recipient shall request disposition instructions from the original sponsoring agency.

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The Federal sponsoring agency shall determine whether the property can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the property shall be reported to the General Services Administration by the Federal agency to determine whether a requirement for the property exists in other Federal agencies. The Federal sponsoring agency shall issue instructions to the recipient no later than 120 days after the recipient's request and the following procedures shall govern:

(a) If so instructed or if disposition instructions are not issued within 120 calendar days after the recipient's request, the recipient shall sell the property and reimburse the Federal sponsoring agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the recipient shall be permitted to deduct and retain from the Federal share \$100 or ten percent of the proceeds, whichever is greater, for the recipient's selling and handling expenses.

(b) If the recipient is instructed to ship the property elsewhere, the recipient shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the recipient's participation in the cost of the original grant project or program to the current fair market value of the property, plus any reasonable shipping or interim storage costs incurred.

(c) If the recipient is instructed to otherwise dispose of the property, the recipient shall be reimbursed by the Federal sponsoring agency for such costs incurred in its disposition.

d. *Property management standards for nonexpendable property*—The recipient's property management standards for nonexpendable personal property shall include the following procedural requirements:

(1) Property records shall be maintained accurately and shall include:

(a) A description of the property.  
(b) Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number.

(c) Source of the property, including grant or other agreement number.

(d) Whether title vests in the recipient or the Federal Government.

(e) Acquisition date (or date received, if the property was furnished by the Federal Government) and cost.

(f) Percentage (at the end of the budget year) of Federal participation in the cost of the project or program for which the property was acquired. (Not applicable to property furnished by the Federal Government.)

(g) Location, use and condition of the property and the date the information was reported.

(h) Unit acquisition cost.  
(i) Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates the Federal sponsoring agency for its share.

(2) Property owned by the Federal Government must be marked to indicate Federal ownership.

(3) A physical inventory of property shall be taken and the results reconciled with the property records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the property.

(4) A control system shall be in effect to insure adequate safeguards to prevent loss,

damage, or theft of the property. Any loss, damage, or theft of nonexpendable property shall be investigated and fully documented. If the property was owned by the Federal Government, the recipient shall promptly notify the Federal sponsoring agency.

(5) Adequately maintenance procedures shall be implemented to keep the property in good condition.

(6) Where the recipient is authorized or required to sell the property, proper sales procedures shall be established which would provide for competition to the extent practicable and result in the highest possible return.

7. *Expendable personal property*—Title to expendable personal property shall vest in the recipient upon acquisition. If there is a residual inventory of such property exceeding \$1,000 in total aggregate fair market value, upon termination or completion of the grant or other agreement, and the property is not needed for any other federally sponsored project or program, the recipient shall retain the property for use on nonfederally sponsored activities, or sell it, but must in either case, compensate the Federal Government for its share. The amount of compensation shall be computed in the same manner as nonexpendable personal property.

8. *Intangible property*.

a. *Inventions and patents*—If any program produces patentable items, patent rights, processes, or inventions, in the course of work sponsored by the Federal Government, such fact shall be promptly and fully reported to the Federal sponsoring agency. Unless there is a prior agreement between the recipient and the Federal sponsoring agency on disposition of such items, the Federal sponsoring agency shall determine whether protection on the invention or discovery shall be sought. The Federal sponsoring agency will also determine how the rights in the invention or discovery—including rights under any patent issued thereon—shall be allocated and administered in order to protect the public interest consistent with "Government Patent Policy" (President's Memorandum for Heads of Executive Departments and Agencies, August 23, 1971, and statement of Government Patent Policy as printed in 36 F.R. 18889).

b. *Copyrights*—Except as otherwise provided in the terms and conditions of the agreement, the author or the recipient organization is free to copyright any books, publications, or other copyrightable materials developed in the course of or under a Federal agreement, but the Federal sponsoring agency shall reserve a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use, and to authorize others to use, the work for Government purposes.

### ATTACHMENT O—CIRCULAR No. A-110

#### PROCUREMENT STANDARDS

1. This attachment provides standards for use by recipients in establishing procedures for the procurement of supplies, equipment, construction and other services with Federal funds. These standards are furnished to ensure that such materials and services are obtained in an effective manner and in compliance with the provisions of applicable Federal law and executive orders. No additional procurement standards or requirements shall be imposed by the Federal sponsoring agencies upon recipients unless specifically required by Federal statute or executive orders.

2. The standards contained in this attachment do not relieve the recipient of the contractual responsibilities arising under its contracts. The recipient is the responsible authority, without recourse to the Federal sponsoring agency regarding the settlement and satisfaction of all contractual and adminis-

trative issues arising out of procurements entered into, in support of a grant or other agreement. This includes disputes, claims, protests of award, source evaluation or other matters of a contractual nature. Matters concerning violation of law are to be referred to such local, State or Federal authority as may have proper jurisdiction.

3. Recipients may use their own procurement policies and procedures. However, all recipients shall adhere to the standards set forth in paragraphs 3 and 4.

a. The recipient shall maintain a code or standards of conduct that shall govern the performance of its officers, employees or agents engaged in the awarding and administration of contracts using Federal funds. No employee, officer or agent shall participate in the selection, award or administration of a contract in which Federal funds are used, where, to his knowledge, he or his immediate family, partners, or organization in which he or his immediate family or partner has a financial interest or with whom he is negotiating or has any arrangement concerning prospective employment. The recipients' officers, employees or agents shall neither solicit nor accept gratuities, favors or anything of monetary value from contractors or potential contractors. Such standards shall provide for disciplinary actions to be applied for violations of such standards by the recipients' officers, employees or agents.

b. All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. The recipient should be alert to organizational conflicts of interest or non-competitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, invitations for bids and/or requests for proposals should be excluded from competing for such procurements. Awards shall be made to the bidder/officer whose bid/offer is responsive to the solicitation and is most advantageous to the recipient, price and other factors considered. Solicitations shall clearly set forth all requirements that the bidder/officer must fulfill in order for his bid/offer to be evaluated by the recipient. Any and all bids/offers may be rejected when it is in the recipient's interest to do so.

c. All recipients shall establish procurement procedures that provide for, at a minimum, the following procedural requirements:

(1) Proposed procurement actions shall follow a procedure to assure the avoidance of purchasing unnecessary or duplicative items. Where appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical, practical procurement.

(2) Solicitations for goods and services shall be based upon a clear and accurate description of the technical requirements for the material, product or service to be procured. Such a description shall not, in competitive procurements, contain features which unduly restrict competition. "Brand name or equal" descriptions may be used as a means to define the performance or other salient requirements of a procurement, and when so used the specific features of the named brand which must be met by bidders/officers shall be clearly specified.

(3) Positive efforts shall be made by the recipients to utilize small business and minority-owned business sources of supplies and services. Such efforts should allow these sources the maximum feasible opportunity to compete for contracts utilizing Federal funds.

(4) The type of procuring instruments used, e.g., fixed price contracts, cost reim-

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burnable contracts, purchase orders, incentive contracts, shall be determined by the recipient but must be appropriate for the particular procurement and for promoting the best interest of the program involved. The "cost-plus-a-percentage-of-cost" method of contracting shall not be used.

(5) Contracts shall be made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of a proposed procurement. Consideration shall be given to such matters as contractor integrity, record of past performance, financial and technical resources or accessibility to other necessary resources.

(6) All proposed sole source contracts or where only one bid or proposal is received in which the aggregate expenditure is expected to exceed \$5,000 shall be subject to prior approval at the discretion of the Federal sponsoring agency.

(7) Some form of price or cost analysis should be made in connection with every procurement action. Price analysis may be accomplished in various ways, including the comparison of price quotations submitted, market prices and similar indicia, together with discounts. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability and allowability.

(8) Procurement records and files for purchases in excess of \$10,000 shall include the following:

- (a) Basis for contractor selection;
- (b) Justification for lack of competition when competitive bids or offers are not obtained;
- (c) Basis for award cost or price;
- (9) A system for contract administration shall be maintained to ensure contractor conformance with terms, conditions and specifications of the contract, and to ensure adequate and timely followup of all purchases.

4. The recipient shall include, in addition to provisions to define a sound and complete agreement, the following provisions in all contracts. These provisions shall also be applied to subcontracts.

a. Contracts in excess of \$10,000 shall contain contractual provisions or conditions that will allow for administrative, contractual or legal remedies in instances in which contractors violate or breach contract terms, and provide for such remedial actions as may be appropriate.

b. All contracts in excess of \$10,000 shall contain suitable provisions for termination by the recipient including the manner by which termination will be effected and the basis for settlement. In addition, such contracts shall describe conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the contractor.

c. In all contracts for construction or facility improvement awarded for more than \$100,000, recipients shall observe the bonding requirements provided in Attachment B to this circular.

d. All contracts awarded by recipients and their contractors or subgrantees having a value of more than \$10,000, shall contain a provision requiring compliance with Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 CFR, Part 60).

e. All contracts and subgrants in excess of \$2,000 for construction or repair awarded by recipients and subrecipients shall include a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). This Act pro-

vides that each contractor or subgrantee shall be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he is otherwise entitled. The recipient shall report all suspected or reported violations to the Federal sponsoring agency.

f. When required by the Federal program legislation, all construction contracts awarded by the recipients and subrecipients of more than \$2,000 shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 276a to a-7) and as supplemented by Department of Labor regulations (29 CFR, Part 6). Under this Act contractors shall be required to pay wages to laborers and mechanics at a rate not less than the minimum wages specified in a wage determination made by the Secretary of Labor. In addition, contractors shall be required to pay wages not less than once a week. The recipient shall place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation and the award of a contract shall be conditioned upon the acceptance of the wage determination. The recipient shall report all suspected or reported violations to the Federal sponsoring agency.

g. Where applicable, all contracts awarded by recipients in excess of \$2,000 for construction contracts and in excess of \$2,500 for other contracts that involve the employment of mechanics or laborers, shall include a provision for compliance with sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulations (29 CFR, Part 5). Under section 103 of the Act, each contractor shall be required to compute the wages of every mechanic and laborer on the basis of a standard work day of 8 hours and a standard work week of 40 hours. Work in excess of the standard workday or workweek is permissible provided that the worker is compensated at a rate of not less than 1½ times the basic rate of pay for all hours worked in excess of 8 hours in any calendar day or 40 hours in the workweek. Section 107 of the Act is applicable to construction work and provides that no laborer or mechanic shall be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous to his health and safety as determined under construction safety and health standards promulgated by the Secretary of Labor. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

h. Contracts or agreements, the principal purpose of which is to create, develop or improve products, processes or methods; or for exploration into fields that directly concern public health, safety or welfare; or contracts in the field of science or technology in which there has been little significant experience outside of work funded by Federal assistance, shall contain a notice to the effect that matters regarding rights to inventions and materials generated under the contract or agreement are subject to the regulations issued by the Federal sponsoring agency and the recipient. The contractor shall be advised as to the source of additional information regarding these matters.

i. All negotiated contracts (except those of \$10,000 or less) awarded by recipients shall include a provision to the effect that the recipient, the Federal sponsoring agency, the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers and records of the contractor

which are directly pertinent to a specific program for the purpose of making audits, examinations, excerpts and transcriptions.

j. Contracts and subgrants of amounts in excess of \$100,000 shall contain a provision that requires the recipient to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act of 1970 (42 U.S.C. 1857 et seq.) and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) as amended. Violations shall be reported to the Federal sponsoring agency and the Regional Office of the Environmental Protection Agency.

[PR Doc. 76-21904 Filed 7-29-76; 8:45 am]

## Revision to Attachment I Issued February 10, 1987.

### OFFICE OF MANAGEMENT AND BUDGET

#### Revision to Circular A-110, "Uniform Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations"

This notice revises OMB Circular A-110, "Uniform Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations," originally published July 30, 1976. The revision provides that recipients shall maintain advances of Federal funds in interest bearing accounts. Interest earned on Federal advances deposited in such accounts shall be remitted promptly to the Federal agencies that provided the funds.

The revision is based on a recommendation by the Inspector General (IG), Department of Health and Human Services. The IG made an audit to determine what percentage of grantees were using interest bearing accounts for deposits of Federal funds. The IG reviewed about 4,000 nonprofit grantees of the Office of Human Development Services and the Public Health Service. The review disclosed that 80 percent of the grantees did not earn interest on Federal funds kept in banks, 16 percent earned interest but did not report or return any of it to the Federal Government and only 4 percent earned and returned interest. From the limited test made, the IG estimated that the Federal Government lost about \$15 million in potential interest income.

OMB Circular A-110 provides that Federal cash made available to recipients of grants shall be timed to coincide with their cash needs. This proposed revision is not intended to change that policy by encouraging grantees to maintain unnecessary balances of Federal funds. The revision recognizes that all Federal cash will not always be disbursed immediately upon

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receipt. Therefore, it is proposed that when cash is available it should be deposited in interest bearing accounts.

**Addition of Paragraph 8.a**

The following paragraph is added to Attachment I, "Payment Requirements."

"8.a Recipients shall maintain advances of Federal funds in interest bearing accounts. Interest earned on Federal advances deposited in such accounts shall be remitted promptly, but at least quarterly, to the Federal agencies that provided the funds.

Interest amounts up to \$100 per year may be retained by the recipient for administrative expense.

**James C. Miller III,**

*Director.*

[FR Doc. 87-2701 Filed 2-9-87; 8:45 am]

ERRATA SHEET

OMB Circular A-110  
Uniform Administrative Requirement for  
Grants and Other Agreements with Institutions of  
Higher Education, Hospitals, and Other Nonprofit  
Organizations

Page 1

Paragraph 5 - change "statue" to "statute"  
Paragraph 11 - change "contracting" to "contacting"  
Attachment A, Paragraph 3 - change "require" to "required"

Page 2

Attachment D, Paragraph 1 - change "coprights" to "copyrights"  
Attachment E, Paragraph 2d - change "non-expandable" to "non-expendable"

Page 14

Attachment J, Paragraph 3c - change "increases indirect" to "increases in  
direct"

Page 15

Attachment J, Paragraph 9 - delete "or contracts"  
Attachment L, Paragraph 3 - change "termination" to "terminate"  
Attachment M, Paragraph 1 - change "Cricular" to "Circular" and "etxend" to  
"extend"

Page 20

Attachment N, Paragraph 2c - change "exempt" to "except"  
Attachment N, Paragraph 6b(1)(a) should read as follows:  
"(a) Activities sponsored by the same Federal agency."

Page 21

Attachment N, Paragraph 6d(5) - change "Adequately" to "Adequate"

Page 22

Attachment O, Paragraph 4j - change "Clear" to "Clean"

NATIONAL ENDOWMENT FOR THE HUMANITIES

WASHINGTON, D.C. 20506



May 30, 1984

NOTICE TO NEH GRANTEES

Attached is a copy of the OMB Circular A-122 (Cost Principles for Nonprofit Organizations). The last page of this document contains the April 27, 1984 lobbying amendment to the circular (Attachment B21). This amendment applies to all grants, contracts, and other agreements that are effected by federal agencies after May 29, 1984.

For a number of years recipients of Endowment awards have been explicitly prohibited from using grant funds to influence members of Congress regarding congressional legislation or appropriations. Attachment B21 extends this prohibition to certain electioneering activities, financial support of political entities, attempts to influence federal or state legislation either directly or through grass-roots lobbying, and some legislative liaison activities.

If an organization does engage in lobbying activities, as defined in Attachment B21, it will have to take steps to insure that these expenses are not charged to grant funds or to its cost-sharing contribution to an Endowment funded project. When such expenses are included in an organization's overhead, they will have to be excluded from subsequent indirect cost negotiations.

Questions about the application of the lobbying amendment to NEH funded projects should be addressed to the attention of the Director, NEH Grants Office.



# **federal register**

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Tuesday  
July 8, 1980

Note: This reprint incorporates  
corrections published at 46 FR 17185,  
Tuesday, March 17, 1981.

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## **Part III**

### **Office of Management and Budget**

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Circular A-122, "Cost Principles for  
Nonprofit Organizations"

# OFFICE OF MANAGEMENT AND BUDGET

## Circular A-122, "Cost Principles for Nonprofit Organizations"

[Note: This reprint incorporates corrections published at 46 FR 17185, Tuesday, March 17, 1981.]

**AGENCY:** Office of Management and Budget.

**ACTION:** Final Policy.

**SUMMARY:** This notice advises of a new OMB Circular dealing with principles for determining costs of grants, contracts, and other agreements with nonprofit organizations.

The Circular is the product of an interagency review conducted over a two-year period. Its purpose is to provide a set of cost principles to replace existing principles issued by individual agencies. These have often contained varying and conflicting requirements, and created confusion among agency administrators, auditors, and nonprofit officials. The new Circular will provide a uniform approach to the problem of determining costs, and promote efficiency and better understanding between recipients and the Federal Government.

**EFFECTIVE DATE:** The Circular becomes effective on issuance.

**FOR FURTHER INFORMATION CONTACT:** Palmer A. Marcantonio, Financial Management Branch, Office of Management and Budget, Washington, D.C. 20503, (202) 395-4773.

**SUPPLEMENTARY INFORMATION:** Before the Circular became final there was extensive coordination with the affected nonprofit organizations, professional associations, Federal agencies and others. All interested persons were given an opportunity to comment on the proposed Circular through informal consultations and a notice in the *Federal Register*. In response to our requests for comment, we received about 100 letters from Federal agencies, nonprofit organizations, associations, and other interested members of the public. These comments were considered in the final version of the Circular. There follows a summary of the major comments and the action taken on each.

In addition to the changes described, other changes have been made to improve the clarity and readability of the Circular. To the extent possible, we have tried to make the language of this Circular consistent with that of cost principles for educational institutions (Circular A-21), and State and local governments (Circular 74-4).

### Summary of Significant Changes:

Set forth are changes that have been made in the final Circular as a result of

public comments. The more significant changes to the basic Circular and Attachment A include:

1. Paragraph 2, "Supersession" was added to the basic Circular to make it clear that this Circular supersedes cost principles issued by individual agencies.

2. Paragraph 4 of the basic Circular has been amended to make it clear that the absence of an advance agreement on any element of cost will not in itself affect the reasonableness of allocability of that element. Also, this paragraph was amended to make it clear that where an item of cost requiring prior approval is specified in the budget, approval of the budget constitutes approval of the cost.

3. Paragraph 5 of the basic Circular has been changed to remove any doubt as to which nonprofit organizations would not be covered by the Circular. Now, Appendix C to the Circular lists all exclusions.

4. Paragraph 8 was added to the basic Circular to permit Federal agencies to request exceptions from the requirements of the Circular.

5. Paragraph E.2. was added to Attachment A to cover the negotiation and approval of indirect cost rates, and to provide for cognizance arrangements.

The more significant changes to Attachment B to the Circular include:

1. Paragraph 6, *Compensation for Personal Services*, was modified to:

a. Permit Federal agencies to accept a substitute system for documenting personnel costs through means other than personnel activity reports.

b. Clarify provisions covering the allowability of costs for unemployment compensation or workers' compensation, and costs of insurance policies on the lives of trustees, officers, or other employees.

c. Make unallowable any increased costs of pension plans caused by delayed funding.

d. Delete a paragraph dealing with review and approval of compensation of individual employees.

2. Paragraph 7, *Contingencies*, was changed to make it clear that the term "contingency reserves" excludes self-insurance reserves or pension funds.

3. Paragraph 10 was modified to provide that the value of donated services used in the performance of a direct cost activity shall be allocated a share of indirect cost only when (a) the aggregate value of the service is material, (b) the services are supported by a significant amount of the indirect cost incurred by the organization, and (c) the direct cost activity is not pursued primarily for the benefit of the Federal Government. Provisions were also added to this paragraph for the

cognizant agency and the recipient to negotiate when there is no basis for determining the fair market value of the services rendered, and to permit indirect costs allocated to donated services to be charged to an agreement or used to meet cost sharing or matching requirements.

4. Paragraph 13, *Equipment and Other Capital Expenditures*, was changed. Capital equipment is now defined as having an acquisition cost of \$500 and a useful life of more than two years.

5. Paragraph 24, *Meetings, Conferences*. The prior approval requirement for charging meetings and conferences as a direct cost was deleted. A sentence was added to make it clear such costs were allowable provided they meet the criterion for the allowability of cost shown in Attachment A.

6. Paragraph 26, *Organization Costs*, was amended to provide that organization costs may be allowable when approved in writing by the awarding agency.

7. Paragraph 28, *Page Charges in Professional Journals*, was revised to provide that page charges may be allowable.

8. Paragraph 36, *Public Information Service Costs*, was modified to make public information costs allowable as direct costs with awarding agency approval.

9. Paragraph 42, *Rental Costs*, was rewritten to:

a. Make it clear that rental costs under leases which create a material equity on the leased property are allowable only up to the amount that the organization would have been allowed had it purchased the property; e.g., depreciation or use allowances, maintenance, taxes, insurance, etc.

b. Clarify the criteria for material equity leases.

10. Paragraph 50, *Travel Costs*, was amended to delete the prior approval requirement for domestic travel. In addition to the above, a number of editorial changes were made to the original document.

### Suggested Changes Not Considered Necessary.

*Comment.* Several respondents questioned the provision that, for "less than arm's length" leases, rental costs are allowable only up to the amount that would be allowed had title to the property been vested in the grantee organization. In their opinion this rule will result in unnecessary cost to the Federal Government, since it would encourage an organization to lease space on the commercial market at a higher rate.

*Response.* The cost principles are designed to cover most situations; however, there are always exceptions that must be considered on a case-by-case basis. The Circular contains a provision for Federal agencies to request exceptions.

*Comment.* Several respondents questioned why interest is not an allowable cost, since it is an ordinary and necessary cost of doing business.

*Response.* It has been a longstanding policy not to recognize interest as a cost. However, this policy has recently been revised for State and local governments in Circular 74-4, with respect to the cost of office space. The revision provides that "rental" rates for publicly owned buildings may be based on actual costs, including depreciation, interest, operation and maintenance costs, and other allowable costs. This revision was under consideration for some time. It was studied extensively by OMB, the General Accounting Office and others, and considerable analysis went into its formulation. Suggestions for extending it to nonprofit organizations would have to be examined with equal care. This has not yet been done; and we were reluctant to further delay issuance of this Circular.

*Comment.* Several respondents questioned why public information costs were not allowable as an indirect cost.

*Response.* Public information costs are often direct services to an organization's other programs. They are allowable, however, as a direct charge when they are within the scope of work of a particular agreement.

*Comment.* One respondent suggested that smaller grantees be excluded from complying with the Circular.

*Response.* Similar rules for the 50 selected items of cost would be needed regardless of the size of the grantee. To the extent possible, the Circular provides simplified methods for smaller grantees.

*Comment.* One respondent said the requirements of the Cost Accounting Standards Board should be applied to cover contracts with nonprofit organizations.

*Response.* It is unlikely that the type of grantees covered by this Circular would have contracts large enough to be covered by the CASB. In the event that they do, however, the regulations of the CASB would apply.

*Comment.* One respondent said the allocation of indirect cost to donated services would pose a tremendous difficulty to the organization. The organization relies on a corps of approximately 8,000 committee members to carry out obligations in response to Government requests. There is no

employer relationship in the arrangements for this assistance, nor are there committee members normally reimbursed for such services. Further, it was pointed out the committee members spend many thousands of hours outside the organization's premises conducting research.

*Response.* It would appear that this type of committee arrangement would not be considered in the determination of the organization's indirect cost rate provided that Federal agreements do not bear an unreasonable share of indirect cost. However, the cognizant agency will be responsible for evaluating the allocation of indirect cost where there are committee-type arrangements on a case-by-case basis.

*Comment.* One respondent suggested that wherever possible the language in the *Federal Procurement Regulations* be used for nonprofit organizations.

*Response.* The language in the *Federal Procurement Regulations* was designated primarily for commercial firms, and is not necessarily well suited to nonprofit organizations. At the suggestion of the General Accounting Office, the nonprofit cost principles were written to conform as closely as possible to those of educational institutions (Circular A-21), and State and local governments (Circular 74-4).

John J. Lordan,

Chief, Financial Management Branch.

**[Circular No. A-122]**

June 27, 1980

To The Heads of Executive Departments and Establishments

Subject: Cost principles for nonprofit organizations.

1. *Purpose.* This Circular establishes principles for determining costs of grants, contracts and other agreements with nonprofit organizations. It does not apply to colleges and universities which are covered by Circular A-21; State, local, and federally recognized Indian tribal governments which are covered by Circular 74-4; or hospitals. The principles are designed to provide that the Federal Government bear its fair share of costs except where restricted or prohibited by law. The principles do not attempt to prescribe the extent of cost sharing or matching on grants, contracts, or other agreements. However, such cost sharing or matching shall not be accomplished through arbitrary limitations on individual cost elements by Federal agencies. Provision for profit or other increment above cost is outside the scope of this Circular.

2. *Supersession.* This Circular supersedes cost principles issued by

individual agencies for nonprofit organization.

3. *Applicability.* a. These principles shall be used by all Federal agencies in determining the costs of work performed by nonprofit organizations under grants, cooperative agreements, cost reimbursement contracts, and other contracts in which costs are used in pricing, administration, or settlement. All of these instruments are hereafter referred to as awards. The principles do not apply to awards under which an organization is not required to account to the Government for actual costs incurred.

b. All cost reimbursement subawards (subgrants, subcontracts, etc.) are subject to those Federal cost principles applicable to the particular organization concerned. Thus, if a subaward is to a nonprofit organization, this Circular shall apply; if a subaward is to a commercial organization, the cost principles applicable to commercial concerns shall apply; if a subaward is to a college or university, Circular A-21 shall apply; if a subaward is to a State, local, or federally recognized Indian tribal government, Circular 74-4 shall apply.

4. *Definitions.* a. "Nonprofit organization" means any corporation, trust, association, cooperative, or other organization which (1) is operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest; (2) is not organized primarily for profit; and (3) uses its net proceeds to maintain, improve, and/or expand its operations. For this purpose, the term "nonprofit organization" excludes (i) colleges and universities; (ii) hospitals; (iii) State, local, and federally recognized Indian tribal governments; and (iv) those nonprofit organizations which are excluded from coverage of this Circular in accordance with paragraph 5 below.

b. "Prior approval" means securing the awarding agency's permission in advance to incur cost for those items that are designated as requiring prior approval by the Circular. Generally this permission will be in writing. Where an item of cost requiring prior approval is specified in the budget of an award, approval of the budget constitutes approval of that cost.

5. *Exclusion of some nonprofit organizations.* Some nonprofit organizations, because of their size and nature of operations, can be considered to be similar to commercial concerns for purpose of applicability of cost principles. Such nonprofit organizations shall operate under Federal cost principles applicable to commercial concerns. A listing of these

organizations is contained in Attachment C. Other organizations may be added from time to time.

6. *Responsibilities.* Agencies responsible for administering programs that involve awards to nonprofit organizations shall implement the provisions of this Circular. Upon request, implementing instruction shall be furnished to the Office of Management and Budget. Agencies shall designate a liaison official to serve as the agency representative on matters relating to the implementation of this Circular. The name and title of such representative shall be furnished to the Office of Management and Budget within 30 days of the date of this Circular.

7. *Attachments.* The principles and related policy guides are set forth in the following Attachments:

Attachment A—General Principles  
Attachment B—Selected Items of Cost  
Attachment C—Nonprofit

Organizations Not Subject to This Circular

8. *Requests for exceptions.* The Office of Management and Budget may grant exceptions to the requirements of this Circular when permissible under existing law. However, in the interest of achieving maximum uniformity, exceptions will be permitted only in highly unusual circumstances.

9. *Effective Date.* The provisions of this Circular are effective immediately. Implementation shall be phased in by incorporating the provisions into new awards made after the start of the organization's next fiscal year. For existing awards the new principles may be applied if an organization and the cognizant Federal agency agree. Earlier implementation, or a delay in implementation of individual provisions is also permitted by mutual agreement between an organization and the cognizant Federal agency.

10. *Inquiries.* Further information concerning this Circular may be obtained by contacting the Financial Management Branch, Budget Review Division, Office of Management and Budget, Washington, D.C. 20503, telephone (202) 395-4773.

James T. McIntyre, Jr.,

Director.

[Circular No. A-122]

#### Attachment A

##### General Principles

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[Circular No. A-122]

#### Attachment A

##### General Principles

##### A. Basic Considerations.

1. *Composition of total costs.* The total cost of an award is the sum of the allowable direct and allocable indirect costs less any applicable credits.

2. *Factors affecting allowability of costs.* To be allowable under an award, costs must meet the following general criteria:

a. Be reasonable for the performance of the award and be allocable thereto under these principles.

b. Conform to any limitations or exclusions set forth in these principles or in the award as to types or amount of cost items.

c. Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the organization.

d. Be accorded consistent treatment.

e. Be determined in accordance with generally accepted accounting principles.

f. Not be included as a cost or used to meet cost sharing or matching requirements of any other federally financed program in either the current or a prior period.

g. Be adequately documented.

3. *Reasonable costs.* A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs. The question of the reasonableness of specific costs must be scrutinized with particular care in connection with organizations or separate divisions thereof which receive the preponderance of their support from awards made by Federal agencies. In determining the reasonableness of a given cost, consideration shall be given to:

a. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the organization or the performance of the award.

b. The restraints or requirements imposed by such factors as generally accepted sound business practices, arms length bargaining, Federal and State laws and regulations, and terms and conditions of the award.

c. Whether the individuals concerned acted with prudence in the circumstances, considering their responsibilities to the organization, its members, employees, and

clients, the public at large, and the Government.

d. Significant deviations from the established practices of the organization which may unjustifiably increase the award costs.

##### 4. *Allocable costs.*

a. A cost is allocable to a particular cost objective, such as a grant, project, service, or other activity, in accordance with the relative benefits received. A cost is allocable to a Government award if it is treated consistently with other costs incurred for the same purpose in like circumstances and if it:

(1) Is incurred specifically for the award.

(2) Benefits both the award and other work and can be distributed in reasonable proportion to the benefits received, or

(3) Is necessary to the overall operation of the organization, although a direct relationship to any particular cost objective cannot be shown.

b. Any cost allocable to a particular award or other cost objective under these principles may not be shifted to other Federal awards to overcome funding deficiencies, or to avoid restrictions imposed by law or by the terms of the award.

##### 5. *Applicable credits.*

a. The term applicable credits refers to those receipts, or reduction of expenditures which operate to offset or reduce expense items that are allocable to awards as direct or indirect costs. Typical examples of such transactions are: purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds, and adjustments overpayments or erroneous charges. To the extent that such credits accruing or received by the organization relate to allowable cost they shall be credited to the Government either as a cost reduction or cash refund as appropriate.

b. In some instances, the amounts received from the Federal Government to finance organizational activities or service operations should be treated as applicable credits. Specifically, the concept of netting such credit items against related expenditures should be applied by the organization in determining the rates or amounts to be charged to Federal awards for services rendered whenever the facilities or other resources used in providing such services have been financed directly, in whole or in part, by Federal funds.

(c) For rules covering program income (i.e., gross income earned from federally supported activities) see Attachment D of OMB Circular A-110.

6. *Advance understandings.* Under any given award the reasonableness and allocability of certain items of costs may be difficult to determine. This is particularly true in connection with organizations that receive a preponderance of their support from Federal agencies. In order to avoid subsequent disallowance or dispute based on unreasonableness or nonallocability, it is often desirable to seek a written agreement with the cognizant or awarding agency in advance of the incurrence of special or unusual costs. The absence of an advance agreement on any element of cost will not, in itself, affect the reasonableness or allocability of that element.

*B. Direct Costs*

1. Direct costs are those that can be identified specifically with a particular final cost objective: i.e., a particular award, project, service, or other direct activity of an organization. However, a cost may not be assigned to an award as a direct cost if any other cost incurred for the same purpose, in like circumstances, has been allocated to an award as an indirect cost. Costs identified specifically with awards are direct costs of the awards and are to be assigned directly thereto. Costs identified specifically with other final cost objectives of the organization are direct costs of those cost objectives and are not to be assigned to other awards directly or indirectly.

2. Any direct cost of a minor amount may be treated as an indirect cost for reasons of practicality where the accounting treatment for such cost is consistently applied to all final cost objectives.

3. The cost of certain activities are not allowable as charges to Federal awards (see, for example, fund raising costs in paragraph 19 of Attachment B). However, even though these costs are unallowable for purposes of computing charges to Federal awards, they nonetheless must be treated as direct cost for purposes of determining indirect cost rates and be allocated their share of the organization's indirect costs if they represent activities which (1) include the salaries of personnel, (2) occupy space, and (3) benefit from the organization's indirect costs.

4. The costs of activities performed primarily as a service to members, clients, or the general public when significant and necessary to the organization's mission must be treated as direct costs whether or not allowable and be allocated an equitable share of indirect costs. Some examples of these types of activities include:

a. Maintenance of membership rolls, subscriptions, publications, and related functions.

b. Providing services and information to members, legislative or administrative bodies, or the public.

c. Promotion, lobbying, and other forms of public relations.

d. Meetings and conferences except those held to conduct the general administration of the organization.

3. Maintenance, protection, and investment of special funds not used in operation of the organization.

f. Administration of group benefits on behalf of members or clients including life and hospital insurance, annuity or retirement plans, financial aid, etc.

*C. Indirect Cost.*

1. Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective. Direct cost of minor amounts may be treated as indirect costs under the conditions described in paragraph B.2. above. After direct costs have been determined and assigned directly to awards or other work as appropriate, indirect costs are those remaining to be allocated to benefiting cost objectives. A cost may not be allocated to an award as an indirect cost if any other cost incurred for the same purpose,

in like circumstances, has been assigned to an award as a direct cost.

2. Because of the diverse characteristics and accounting practices of nonprofit organizations, it is not possible to specify the types of costs which may be classified as indirect cost in all situations. However,

typical examples of indirect cost for many nonprofit organizations may include depreciation or use allowances on buildings and equipment, the costs of operating and maintaining facilities, and general administration and general expenses, such as the salaries and expenses of executive officers, personnel administration, and accounting.

*D. Allocation of Indirect Costs and Determination of Indirect Cost Rates.**1. General.*

a. Where a nonprofit organization has only one major function, or where all its major functions benefit from its indirect costs to approximately the same degree, the allocation of indirect costs and the computation of an indirect cost rate may be accomplished through simplified allocation procedures as described in paragraph 2 below.

b. Where an organization has several major functions which benefit from its indirect costs in varying degrees, allocation of indirect costs may require the accumulation of such costs into separate cost groupings which then are allocated individually to benefiting functions by means of a base which best measures the relative degree of benefit. The indirect costs allocated to each function are then distributed to individual awards and other activities included in that function by means of an indirect cost rate(s).

c. The determination of what constitutes an organization's major functions will depend on its purpose in being; the types of services it renders to the public, its clients, and its members; and the amount of effort it devotes to such activities as fund raising, public information and membership activities.

d. Specific methods for allocating indirect costs and computing indirect cost rates along with the conditions under which each method should be used are described in paragraphs 2 through 5 below.

e. The base period for the allocation of indirect costs is the period in which such costs are incurred and accumulated for allocation to work performed in that period. The base period normally should coincide with the organization's fiscal year, but in any event, shall be so selected as to avoid inequities in the allocation of the costs.

*2. Simplified allocation method.*

a. Where an organization's major functions benefit from its indirect costs to approximately the same degree, the allocation of indirect costs may be accomplished by (i) separating the organization's total costs for the base period as either direct or indirect, and (ii) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to individual awards. The rate should be expressed as the percentage which the total amount of

allowable indirect costs bears to the base selected. This method should also be used where an organization has only one major function encompassing a number of individual projects or activities, and may be used where the level of Federal awards to an organization is relatively small.

b. Both the direct costs and the indirect costs shall exclude capital expenditures and unallowable costs. However, unallowable costs which represent activities must be included in the direct costs under the conditions described in paragraph B.3. above.

c. The distribution base may be total direct costs (excluding capital expenditures and other distorting items, such as major subcontracts or subgrants), direct salaries and wages, or other base which results in an equitable distribution. The distribution base shall generally exclude participant support costs as defined in paragraph 29 of Attachment B.

d. Except where a special rate(s) is required in accordance with paragraph D.5 below, the indirect cost rate developed under the above principles is applicable to all awards at the organization. If a special rate(s) is required, appropriate modifications shall be made in order to develop the special rate(s).

*3. Multiple allocation base method.*

a. Where an organization's indirect costs benefit its major functions in varying degrees, such costs shall be accumulated into separate cost groupings. Each grouping shall then be allocated individually to benefiting functions by means of a base which best measures the relative benefits.

b. The groupings shall be established so as to permit the allocation of each grouping on the basis of benefits provided to the major functions. Each grouping should constitute a pool of expenses that are of like character in terms of the functions they benefit and in terms of the allocation base which best measures the relative benefits provided to each function. The number of separate groupings should be held within practical limits, taking into consideration the materiality of the amounts involved and the degree of precision desired.

c. Actual conditions must be taken into account in selecting the base to be used in allocating the expenses in each grouping to benefiting functions. When an allocation can be made by assignment of a cost grouping directly to the function benefited, the allocation shall be made in that manner. When the expenses in a grouping are more general in nature, the allocation should be made through the use of a selected base which produces results that are equitable to both the Government and the organization. In general, any cost element or cost related factor associated with the organization's work is potentially adaptable for use as an allocation base provided (i) it can readily be expressed in terms of dollars or other quantitative measures (total direct costs, direct salaries and wages, staff hours applied, square feet used, hours of usage, number of documents processed, population served, and the like) and (ii) it is common to the benefiting functions during the base period.

d. Except where a special indirect cost rate(s) is required in accordance with

paragraph D.5. below, the separate groupings of indirect costs allocated to each major function shall be aggregated and treated as a common pool for that function. The costs in the common pool shall then be distributed to individual awards included in that function by use of a single indirect cost rate.

e. The distribution base used in computing the indirect cost rate for each function may be total direct costs (excluding capital expenditures and other distorting items such as major subcontracts and subgrants), direct salaries and wages, or other base which results in an equitable distribution. The distribution base shall generally exclude participant support costs as defined in paragraph 29. Attachment B. An indirect cost rate should be developed for each separate indirect cost pool developed. The rate in each case should be stated as the percentage which the amount of the particular indirect cost pool is of the distribution base identified with that pool.

#### 4. Direct allocation method.

a. Some nonprofit organizations treat all costs as direct costs except general administration and general expenses. These organizations generally separate their costs into three basic categories: (i) General administration and general expenses, (ii) fund raising, and (iii) other direct functions (including projects performed under Federal awards), joint costs, such as depreciation, rental costs, operation and maintenance of facilities, telephone expenses, and the like are prorated individually as direct costs to each category and to each award or other activity using a base most appropriate to the particular cost being prorated.

b. This method is acceptable provided each joint cost is prorated using a base which accurately measures the benefits provided to each award or other activity. The bases must be established in accordance with reasonable criteria, and be supported by current data. This method is compatible with the Standards of Accounting and Financial Reporting for Voluntary Health and Welfare Organizations issued jointly by the National Health Council, Inc., the National Assembly of Voluntary Health and Social Welfare Organizations, and the United Way of America.

c. Under this method, indirect costs consist exclusively of general administration and general expenses. In all other respects, the organization's indirect cost rates shall be computed in the same manner as that described in paragraph D.2 above.

5. *Special indirect cost rates.* In some instances, a single indirect cost rate for all activities of an organization or for each major function of the organization may not be appropriate, since it would not take into account those different factors which may substantially affect the indirect costs applicable to a particular segment of work. For this purpose, a particular segment of work may be that performed under a single award or it may consist of work under a group of awards performed in a common environment. The factors may include the physical location of the work, the level of administrative support required, the nature of the facilities or other resources employed, the scientific disciplines or technical skills

involved, the organizational arrangements used, or any combination thereof. When a particular segment of work is performed in an environment which appears to generate a significantly different level of indirect costs, provisions should be made for a separate indirect cost pool applicable to such work. The separate indirect cost pool should be developed during the course of the regular allocation process, and the separate indirect cost rate resulting therefrom should be used provided it is determined that (i) the rate differs significantly from that which would have been obtained under paragraph D.2, 3, and 4 above, and (ii) the volume of work to which the rate would apply is material.

#### E. Negotiation and Approval of Indirect Cost Rates.

1. *Definitions.* As used in this section, the following terms have the meanings set forth below:

a. "Cognizant agency" means the Federal agency responsible for negotiating and approving indirect cost rates for a nonprofit organization on behalf of all Federal agencies.

b. "Predetermined rate" means an indirect cost rate, applicable to a specified current or future period, usually the organization's fiscal year. The rate is based on an estimate of the costs to be incurred during the period. A predetermined rate is not subject to adjustment.

c. "Fixed rate" means an indirect cost rate which has the same characteristics as a predetermined rate, except that the difference between the estimated costs and the actual costs of the period covered by the rate is carried forward as an adjustment to the rate computation of a subsequent period.

d. "Final rate" means an indirect cost rate applicable to a specified past period which is based on the actual costs of the period. A final rate is not subject to adjustment.

e. "Provisional rate" or billing rate means a temporary indirect cost rate applicable to a specified period which is used for funding, interim reimbursement, and reporting indirect costs on awards pending the establishment of a final rate for the period.

f. "Indirect cost proposal" means the documentation prepared by an organization to substantiate its claim for the reimbursement of indirect costs. This proposal provides the basis for the review and negotiation leading to the establishment of an organization's indirect cost rate.

g. "Cost objective" means a function, organizational subdivision, contract, grant, or other work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, projects, jobs and capitalized projects.

#### 2. Negotiation and approval of rates.

a. Unless different arrangements are agreed to by the agencies concerned, the Federal agency with the largest dollar value of awards with an organization will be designated as the cognizant agency for the negotiation and approval of indirect cost rates and, where necessary, other rates such as fringe benefit and computer charge-out rates. Once an agency is assigned cognizance for a particular nonprofit organization, the

assignment will not be changed unless there is a major long-term shift in the dollar volume of the Federal awards to the organization. Concerned Federal agencies shall be given the opportunity to participate in the negotiation process, but after a rate has been agreed upon it will be accepted by all Federal agencies. When a Federal agency has reason to believe that special operating factors affecting its awards necessitate special indirect cost rates in accordance with paragraph D.5 above, it will, prior to the time the rates are negotiated, notify the cognizant agency.

b. A nonprofit organization which has not previously established an indirect cost rate with a Federal agency shall submit its initial indirect cost proposal to the cognizant agency. The proposal shall be submitted as soon as possible after the organization is advised that an award will be made and, in no event, later than three months after the effective date of the award.

c. Organizations that have previously established indirect cost rates must submit a new indirect cost proposal to the cognizant agency within six months after the close of each fiscal year.

d. A predetermined rate may be negotiated for use on awards where there is reasonable assurance, based on past experience and reliable projection of the organization's costs, that the rate is not likely to exceed a rate based on the organization's actual costs.

e. Fixed rates may be negotiated where predetermined rates are not considered appropriate. A fixed rate, however, shall not be negotiated if (i) all or a substantial portion of the organization's awards are expected to expire before the carry-forward adjustment can be made; (ii) the mix of Government and non-government work at the organization is too erratic to permit an equitable carry-forward adjustment; or (iii) the organization's operations fluctuate significantly from year to year.

f. Provisional and final rates shall be negotiated where neither predetermined nor fixed rates are appropriate.

g. The results of each negotiation shall be formalized in a written agreement between the cognizant agency and the nonprofit organization. The cognizant agency shall distribute copies of the agreement to all concerned Federal agencies.

h. If a dispute arises in a negotiation of an indirect cost rate between the cognizant agency and the nonprofit organization, the dispute shall be resolved in accordance with the appeals procedures of the cognizant agency.

i. To the extent that problems are encountered among the Federal agencies in connection with the negotiation and approval process, the Office of Management and Budget will lend assistance as required to resolve such problems in a timely manner.

[Circular No. A-122]

#### Attachment B

##### Selected Items of Cost

##### Table of Contents

1. Advertising costs
2. Bad debts
3. Bid and proposal costs (reserved)



4. Bonding costs
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46. Taxes
47. Termination costs
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49. Transportation costs
50. Travel costs

[Circular No. A-122]

#### Attachment B

##### Selected Items of Cost

Paragraphs 1 through 50 provide principles to be applied in establishing the allowability of certain items of cost. These principles apply whether a cost is treated as direct or indirect. Failure to mention a particular item of cost is not intended to imply that it is unallowable; rather determination as to allowability in each case should be based on the treatment or principles provided for similar or related items of cost.

##### 1. Advertising costs.

a. Advertising costs mean the costs of media services and associated costs. Media advertising includes magazines, newspapers, radio and television programs, direct mail, exhibits, and the like.

b. The only advertising costs allowable are those which are solely for (i) the recruitment of personnel when considered in conjunction with all other recruitment costs, as set forth in paragraph 40; (ii) the procurement of goods and services; (iii) the disposal of surplus materials acquired in the performance of the award except when organizations are reimbursed for disposals at a predetermined amount in accordance with Attachment N of OMB Circular A-110; or (iv) specific requirements of the award.

2. *Bad debts.* Bad debts, including losses (whether actual or estimated) arising from uncollectible accounts and other claims, related collection costs, and related legal costs, are unallowable.

##### 3. *Bid and proposal costs.* (reserved)

##### 4. *Bonding costs.*

a. Bonding costs arise when the Government requires assurance against financial loss to itself or others by reason of the act or default of the organization. They arise also in instances where the organization requires similar assurance. Included are such bonds as bid, performance, payment, advance payment, infringement, and fidelity bonds.

b. Costs of bonding required pursuant to the terms of the award are allowable.

c. Costs of bonding required by the organization in the general conduct of its operations are allowable to the extent that such bonding is in accordance with sound business practice and the rates and premiums are reasonable under the circumstances.

5. *Communication costs.* Costs incurred for telephone services, local and long distance telephone calls, telegrams, radiograms, postage and the like, are allowable.

##### 6. *Compensation for personal services.*

a. *Definition.* Compensation for personal services includes all compensation paid currently or accrued by the organization for services of employees rendered during the period of the award (except as otherwise provided in paragraph g. below). It includes, but is not limited to, salaries, wages, director's and executive committee member's fees, incentive awards, fringe benefits, pension plan costs, allowances for off-site pay, incentive pay, location allowances, hardship pay, and cost of living differentials.

b. *Allowability.* Except as otherwise specifically provided in this paragraph, the costs of such compensation are allowable to the extent that:

(1) Total compensation to individual employees is reasonable for the services rendered and conforms to the established policy of the organization consistently applied to both Government and non-Government activities; and

(2) Charges to awards whether treated as direct or indirect costs are determined and supported as required in this paragraph.

##### c. *Reasonableness.*

(1) When the organization is predominantly engaged in activities other than those sponsored by the Government, compensation for employees on Government-sponsored work will be considered reasonable to the extent that it is consistent with that paid for similar work in the organization's other activities.

(2) When the organization is predominantly engaged in Government-sponsored activities

and in cases where the kind of employees required for the Government activities are not found in the organization's other activities, compensation for employees on Government-sponsored work will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor markets in which the organization competes for the kind of employees involved.

d. *Special considerations in determining allowability.* Certain conditions require special consideration and possible limitations in determining costs under Federal awards where amounts or types of compensation appear unreasonable. Among such conditions are the following:

(1) Compensation to members of nonprofit organizations, trustees, directors, associates, officers, or the immediate families thereof. Determination should be made that such compensation is reasonable for the actual personal services rendered rather than a distribution of earnings in excess of costs.

(2) Any change in an organization's compensation policy resulting in a substantial increase in the organization's level of compensation, particularly when it was concurrent with an increase in the ratio of Government awards to other activities of the organization or any change in the treatment of allowability of specific types of compensation due to changes in Government policy.

e. *Unallowable costs.* Costs which are unallowable under other paragraphs of this Attachment shall not be allowable under this paragraph solely on the basis that they constitute personal compensation.

##### f. *Fringe benefits.*

(1) Fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as vacation leave, sick leave, military leave, and the like, are allowable provided such costs are absorbed by all organization activities in proportion to the relative amount of time or effort actually devoted to each.

(2) Fringe benefits in the form of employer contributions or expenses for social security, employee insurance, workmen's compensation insurance, pension plan costs (see paragraph g. below), and the like, are allowable provided such benefits are granted in accordance with established written organization policies. Such benefits whether treated as indirect costs or as direct costs, shall be distributed to particular awards and other activities in a manner consistent with the pattern of benefits accruing to the individuals or group of employees whose salaries and wages are chargeable to such awards and other activities.

(3)(a) Provisions for a reserve under a self-insurance program for unemployment compensation or workers' compensation are allowable to the extent that the provisions represent reasonable estimates of the liabilities for such compensation, and the types of coverage, extent of coverage, and rates and premiums would have been allowable had insurance been purchased to cover the risks. However, provisions for self-insured liabilities which do not become payable for more than one year after the provision is made shall not exceed the present value of the liability.

(b) Where an organization follows a consistent policy of expensing actual payments to, or on behalf of, employees or former employees for unemployment compensation or workers' compensation, such payments are allowable in the year of payment with the prior approval of the awarding agency provided they are allocated to all activities of the organization.

(4) Costs of insurance on the lives of trustees, officers, or other employees holding positions of similar responsibility are allowable only to the extent that the insurance represents additional compensation. The costs of such insurance when the organization is named as beneficiary are unallowable.

**g. Pension plan costs.**

(1) Costs of the organization's pension plan which are incurred in accordance with the established policies of the organization are allowable, provided:

(a) Such policies meet the test of reasonableness;

(b) The methods of cost allocation are not discriminatory;

(c) The cost assigned to each fiscal year is determined in accordance with generally accepted accounting principles as prescribed in Accounting Principles Board Opinion No. 8 issued by the American Institute of Certified Public Accountants; and

(d) The costs assigned to a given fiscal year are funded for all plan participants within six months after the end of that year. However, increases to normal and past service pension costs caused by a delay in funding the actuarial liability beyond 30 days after each quarter of the year to which such costs are assignable are unallowable.

(2) Pension plan termination insurance premiums paid pursuant to the Employee Retirement Income Security Act of 1974 (Pub. L. 93-408) are allowable. Late payment charges on such premiums are unallowable.

(3) Excise taxes on accumulated funding deficiencies and other penalties imposed under the Employee Retirement Income Security Act are unallowable.

**h. Incentive compensation.** Incentive compensation to employees based on cost reduction, or efficient performance, suggestion awards, safety awards, etc., are allowable to the extent that the overall compensation is determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the organization and the employees before the services were rendered, or pursuant to an established plan followed by the organization so consistently as to imply, in effect, an agreement to make such payment.

**i. Overtime, extra pay shift, and multishift premiums.** See paragraph 27.

**j. Severance pay.** See paragraph 44.

**k. Training and education costs.** See paragraph 48.

**l. Support of salaries and wages.**

(1) Charges to awards for salaries and wages, whether treated as direct costs or indirect costs, will be based on documented payrolls approved by a responsible official(s) of the organization. The distribution of salaries and wages to awards must be supported by personnel activity reports as

prescribed in subparagraph (2) below, except when a substitute system has been approved in writing by the cognizant agency. (See paragraph E.2 of Attachment A.)

(2) Reports reflecting the distribution of activity of each employee must be maintained for all staff members (professionals and nonprofessionals) whose compensation is charged, in whole or in part, directly to awards. In addition, in order to support the allocation of indirect costs, such reports must also be maintained for other employees whose work involves two or more functions or activities if a distribution of their compensation between such functions or activities is needed in the determination of the organization's indirect cost rate(s) (e.g., an employee engaged part-time in indirect cost activities and part-time in a direct function). Reports maintained by nonprofit organizations to satisfy these requirements must meet the following standards:

(a) The reports must reflect an *after-the-fact* determination of the actual activity of each employee. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as support for charges to awards.

(b) Each report must account for the total activity for which employees are compensated and which is required in fulfillment of their obligations to the organization.

(c) The reports must be signed by the individual employee, or by a responsible supervisory official having first hand knowledge of the activities performed by the employee, that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during the periods covered by the reports.

(d) The reports must be prepared at least monthly and must coincide with one or more pay periods.

(3) Charges for the salaries and wages of nonprofessional employees, in addition to the supporting documentation described in subparagraphs (1) and (2) above, must also be supported by records indicating the total number of hours worked each day maintained in conformance with Department of Labor regulations implementing the Fair Labor Standards Act (29 CFR Part 516). For this purpose, the term "nonprofessional employee" shall have the same meaning as "nonexempt employee," under the Fair Labor Standards Act.

(4) Salaries and wages of employees used in meeting cost sharing or matching requirements on awards must be supported in the same manner as salaries and wages claimed for reimbursement from awarding agencies.

**7. Contingency provisions.** Contributions to a contingency reserve or any similar provision made for events the occurrence of which cannot be foretold with certainty as to time, intensity, or with an assurance of their happening, are unallowable. The term "contingency reserve" excludes self-insurance reserves (see paragraph 6.f.(3) and 18.a.(2)(d)); pension funds (see paragraph 6.(g)); and reserves for normal severance pay (see paragraph 44.(b)(1)).

**8. Contributions.** Contributions and donations by the organization to others are unallowable.

**9. Depreciation and use allowances.**

a. Compensation for the use of buildings, other capital improvements, and equipment on hand may be made through use allowances or depreciation. However, except as provided in paragraph f. below a combination of the two methods may not be used in connection with a single class of fixed assets (e.g., buildings, office equipment, computer equipment, etc.).

b. The computation of use allowances or depreciation shall be based on the acquisition cost of the assets involved. The acquisition cost of an asset donated to the organization by a third party shall be its fair market value at the time of the donation.

c. The computation of use allowances or depreciation will exclude:

(1) The cost of land;

(2) Any portion of the cost of buildings and equipment borne by or donated by the Federal Government irrespective of where title was originally vested or where it presently resides; and

(3) Any portion of the cost of buildings and equipment contributed by or for the organization in satisfaction of a statutory matching retirement.

d. Where the use allowance method is followed, the use allowance for buildings and improvement (including land improvements such as paved parking areas, fences, and sidewalks) will be computed at an annual rate not exceeding two percent of acquisition cost. The use allowance for equipment will be computed at an annual rate not exceeding six and two-thirds percent of acquisition cost. When the use allowance method is used for buildings, the entire building must be treated as a single asset; the building's components (e.g., plumbing system, heating and air conditioning, etc.) cannot be segregated from the building's shell. The two percent limitation, however, need not be applied to equipment which is merely attached or fastened to the building but not permanently fixed to it and which is used as furnishings or decorations or for specialized purposes (e.g., dentist chairs and dental treatment units, counters, laboratory benches bolted to the floor, dishwashers, carpeting, etc.). Such equipment will be considered as not being permanently fixed to the building if it can be removed without the need for costly or extensive alterations or repairs to the building or the equipment. Equipment that meets these criteria will be subject to the six and two-thirds percent equipment use allowance limitation.

e. Where depreciation method is followed, the period of useful service (useful life) established in each case for usable capital assets must take into consideration such factors as type of construction, nature of the equipment used, technological developments in the particular program area, and the renewal and replacement policies followed for the individual items or classes of assets involved. The method of depreciation used to assign the cost of an asset (or group of assets) to accounting periods shall reflect the pattern of consumption of the asset during its useful life. In the absence of clear evidence indicating that the expected consumption of the asset will be significantly greater or lesser in the early portions of its



useful life than in the later portions, the straight-line method shall be presumed to be the appropriate method. Depreciation methods once used shall not be changed unless approved in advance by the cognizant Federal agency. When the depreciation method is introduced for application to assets previously subject to a use allowance, the combination of use allowances and depreciation applicable to such assets must not exceed the total acquisition cost of the assets. When the depreciation method is used for buildings, a building's shell may be segregated from each building component (e.g., plumbing system, heating, and air conditioning system, etc.) and each item depreciated over its estimated useful life; or the entire building (i.e., the shell and all components) may be treated as a single asset and depreciated over a single useful life.

f. When the depreciation method is used for a particular class of assets, no depreciation may be allowed on any such assets that, under paragraph e. above, would be viewed as fully depreciated. However, a reasonable use allowance may be negotiated for such assets if warranted after taking into consideration the amount of depreciation previously charged to the Government, the estimated useful life remaining at time of negotiation, the effect of any increased maintenance charges or decreased efficiency due to age, and any other factors pertinent to the utilization of the asset for the purpose contemplated.

g. Charges for use allowances or depreciation must be supported by adequate property records and physical inventories must be taken at least once every two years (a statistical sampling basis is acceptable) to ensure that assets exist and are usable and needed. When the depreciation method is followed, adequate depreciation records indicating the amount of depreciation taken each period must also be maintained.

#### 10. Donations

##### a. Services received.

(1) Donated or volunteer services may be furnished to an organization by professional and technical personnel, consultants, and other skilled and unskilled labor. The value of these services is not reimbursable either as a direct or indirect cost.

(2) The value of donated services utilized in the performance of a direct cost activity shall be considered in the determination of the organization's indirect cost rate(s) and, accordingly, shall be allocated a proportionate share of applicable indirect costs when the following circumstances exist:

(a) The aggregate value of the services is material;

(b) The services are supported by a significant amount of the indirect costs incurred by the organization;

(c) The direct cost activity is not pursued primarily for the benefit of the Federal Government.

(3) In those instances where there is no basis for determining the fair market value of the services rendered, the recipient and the cognizant agency shall negotiate an appropriate allocation of indirect cost to the services.

(4) Where donated services directly benefit a project supported by an award, the indirect

costs allocated to the services will be considered as a part of the total costs of the project. Such indirect costs may be reimbursed under the award or used to meet cost sharing or matching requirements.

(5) The value of the donated services may be used to meet cost sharing or matching requirements under conditions described in Attachment E, OMB Circular No. A-110. Where donated services are treated as indirect costs, indirect cost rates will separate the value of the donations so that reimbursement will not be made.

(6) Fair market value of donated services shall be computed as follows:

(a) *Rates for volunteer services.* Rates for volunteers shall be consistent with those regular rates paid for similar work in other activities of the organization. In cases where the kinds of skills involved are not found in the other activities of the organization, the rates used shall be consistent with those paid for similar work in the labor market in which the organization competes for such skills.

(b) *Services donated by other organizations.* When an employer donates the services of an employee, these services shall be valued at the employee's regular rate of pay (exclusive of fringe benefits and indirect costs) provided the services are in the same skill for which the employee is normally paid. If the services are not in the same skill for which the employee is normally paid, fair market value shall be computed in accordance with subparagraph (a) above.

##### b. Goods and space.

(1) Donated goods: i.e., expendable personal property/supplies, and donated use of space may be furnished to an organization. The value of the goods and space is not reimbursable either as a direct or indirect cost.

(2) The value of the donations may be used to meet cost sharing or matching share requirements under the conditions described in Attachment E, OMB Circular No. A-110. The value of the donations shall be determined in accordance with Attachment E. Where donations are treated as indirect costs, indirect cost rates will separate the value of the donations so that reimbursement will not be made.

11. *Employee morale, health, and welfare, costs and credits.* The costs of house publications, health or first-aid clinics, and/or infirmaries, recreational activities, employees' counseling services, and other expenses incurred in accordance with the organization's established practice or custom for the improvement of working conditions, employer-employee relations, employee morale, and employee performance are allowable. Such costs will be equitably apportioned to all activities of the organization. Income generated from any of these activities will be credited to the cost thereof unless such income has been irrevocably set over to employee welfare organizations.

12. *Entertainment costs.* Costs of amusement, diversion, social activities, ceremonials, and costs relating thereto, such as meals, lodging, rentals, transportation, and gratuities are unallowable (but see paragraphs 11 and 25).

13. *Equipment and other capital expenditures.*

a. As used in this paragraph, the following terms have the meanings set forth below:

(1) "Equipment" means an article of nonexpendable tangible personal property having a useful life of more than two years and an acquisition cost of \$500 or more per unit. An organization may use its own definition provided that it at least includes all nonexpendable tangible personal property as defined herein.

(2) "Acquisition cost" means the net invoice unit price of an item of equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Ancillary charges, such as taxes, duty, protective in-transit insurance, freight, and installation shall be included in or excluded from acquisition cost in accordance with the organization's regular written accounting practices.

(3) "Special purpose equipment" means equipment which is usable only for research, medical, scientific, or technical activities. Examples of special purpose equipment include microscopes, x-ray machines, surgical instruments, and spectrometers.

(4) "General purpose equipment" means equipment which is usable for other than research, medical, scientific, or technical activities, whether or not special modifications are needed to make them suitable for a particular purpose. Examples of general purpose equipment include office equipment and furnishings, air conditioning equipment, reproduction and printing equipment, motor vehicles, and automatic data processing equipment.

b. (1) Capital expenditures for general purpose equipment are unallowable as a direct cost except with the prior approval of the awarding agency.

(2) Capital expenditures for special purpose equipment are allowable as direct costs provided that items with a unit cost of \$1000 or more have the prior approval of the awarding agency.

c. Capital expenditures for land or buildings are unallowable as a direct cost except with the prior approval of the awarding agency.

d. Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior approval of the awarding agency.

e. Equipment and other capital expenditures are unallowable as indirect costs. However, see paragraph 9 for allowability of use allowances or depreciation on buildings, capital improvements, and equipment. Also, see paragraph 42 for allowability of rental costs for land, buildings, and equipment.

14. *Fines and penalties.* Costs of fines and penalties resulting from violations of, or failure of the organization to comply with Federal, State, and local laws and regulations are unallowable except when incurred as a result of compliance with specific provisions of an award or instructions in writing from the awarding agency.

15. *Fringe benefits.* See paragraph 6. f.

16. *Idle facilities and idle capacity.*

a. As used in this paragraph the following terms have the meanings set forth below:

(1) "Facilities" means land and buildings or any portion thereof, equipment individually or collectively, or any other tangible capital asset, wherever located, and whether owned or leased by the organization.

(2) "Idle facilities" means completely unused facilities that are excess to the organization's current needs.

(3) "Idle capacity" means the unused capacity of partially used facilities. It is the difference between that which a facility could achieve under 100 per cent operating time on a one-shift basis less operating interruptions resulting from time lost for repairs, setups, unsatisfactory materials, and other normal delays, and the extent to which the facility was actually used to meet demands during the accounting period. A multishift basis may be used if it can be shown that this amount of usage could normally be expected for the type of facility involved.

(4) "Costs of idle facilities or idle capacity" means costs such as maintenance, repair, housing, rent, and other related costs; e.g., property taxes, insurance, and depreciation or use allowances.

b. The costs of idle facilities are unallowable except to the extent that:

(1) They are necessary to meet fluctuations in workload; or

(2) Although not necessary to meet fluctuations in workload, they were necessary when acquired and are now idle because of changes in program requirements, efforts to achieve more economical operations, reorganization, termination, or other causes which could not have been reasonably foreseen. Under the exception stated in this subparagraph, costs of idle facilities are allowable for a reasonable period of time, ordinarily not to exceed one year, depending upon the initiative taken to use, lease, or dispose of such facilities (but see paragraphs 47, b, and d.).

c. The costs of idle capacity are normal costs of doing business and are a factor in the normal fluctuations of usage or indirect cost rates from period to period. Such costs are allowable, provided the capacity is reasonably anticipated to be necessary or was originally reasonable and is not subject to reduction or elimination by subletting, renting, or sale, in accordance with sound business, economics, or security practices. Widespread idle capacity throughout an entire facility or among a group of assets having substantially the same function may be idle facilities.

17. *Independent research and development* [Reserved].

18. *Insurance and indemnification.*

a. Insurance includes insurance which the organization is required to carry, or which is approved, under the terms of the award and any other insurance which the organization maintains in connection with the general conduct of its operations. This paragraph does not apply to insurance which represents fringe benefits for employees (see paragraph 6, f, and 6, g, (2)).

(1) Costs of insurance required or approved, and maintained, pursuant to the award are allowable.

(2) Costs of other insurance maintained by the organization in connection with the

general conduct of its operations are allowable subject to the following limitations.

(a) Types and extent of coverage shall be in accordance with sound business practice and the rates and premiums shall be reasonable under the circumstances.

(b) Costs allowed for business interruption or other similar insurance shall be limited to exclude coverage of management fees.

(c) Costs of insurance or of any provisions for a reserve covering the risk of loss or damage to Government property are allowable only to the extent that the organization is liable for such loss or damage.

(d) Provisions for a reserve under a self-insurance program are allowable to the extent that types of coverage, extent of coverage, rates, and premiums would have been allowed had insurance been purchased to cover the risks. However, provision for known or reasonably estimated self-insured liabilities, which do not become payable for more than one year after the provision is made shall not exceed the present value of the liability.

(e) Costs of insurance on the lives of trustees, officers, or other employees holding positions of similar responsibilities are allowable only to the extent that the insurance represents additional compensation (see paragraph 6). The cost of such insurance when the organization is identified as the beneficiary is unallowable.

(3) Actual losses which could have been covered by permissible insurance (through the purchase of insurance or a self-insurance program) are unallowable unless expressly provided for in the award, except:

(a) Costs incurred because of losses not covered under nominal deductible insurance coverage provided in keeping with sound business practice are allowable.

(b) Minor losses not covered by insurance, such as spoilage, breakage, and disappearance of supplies, which occur in the ordinary course of operations, are allowable.

b. Indemnification includes securing the organization against liabilities to third persons and any other loss or damage, not compensated by insurance or otherwise. The Government is obligated to indemnify the organization only to the extent expressly provided in the award.

19. *Interest, fund raising, and investment management costs.*

a. Costs incurred for interest on borrowed capital or temporary use of endowment funds, however represented, are unallowable.

b. Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions are unallowable.

c. Costs of investment counsel and staff and similar expenses incurred solely to enhance income from investments are unallowable.

d. Fund raising and investment activities shall be allocated an appropriate share of indirect costs under the conditions described in paragraph B of Attachment A.

20. *Labor relations costs.* Costs incurred in maintaining satisfactory relations between the organization and its employees, including costs of labor management committees,

employee publications, and other related activities are allowable.

21. *Losses on other awards.* Any excess of costs over income on any award is unallowable as a cost of any other award. This includes, but is not limited to, the organization's contributed portion by reason of cost sharing agreements or any underrecoveries through negotiation of lump sums for, or ceilings on, indirect costs.

22. *Maintenance and repair costs.* Costs incurred for necessary maintenance, repair, or upkeep of buildings and equipment (including Government property unless otherwise provided for) which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition, are allowable. Costs incurred for improvements which add to the permanent value of the buildings and equipment or appreciably prolong their intended life shall be treated as capital expenditures (see paragraph 13).

23. *Materials and supplies.* The costs of materials and supplies necessary to carry out an award are allowable. Such costs should be charged at their actual prices after deducting all cash discounts, trade discounts, rebates, and allowances received by the organization. Withdrawals from general stores or stockrooms should be charged at cost under any recognized method of pricing consistently applied. Incoming transportation charges may be a proper part of material cost. Materials and supplies charged as a direct cost should include only the materials and supplies actually used for the performance of the contract or grant, and a credit should be given for any excess materials or supplies retained, or returned to vendors.

24. *Meetings, conferences.*

a. Costs associated with the conduct of meetings and conferences, include the cost of renting facilities, meals, speakers' fees, and the like. But see paragraph 12, *Entertainment costs*, and paragraph 29, *Participant support costs*.

b. To the extent that these costs are identifiable with a particular cost objective, they should be charged to that objective. (See paragraph B, of Attachment A.) These costs are allowable provided that they meet the general tests of allowability, shown in Attachment A to this Circular.

c. Costs of meetings and conferences held to conduct the general administration of the organization are allowable.

25. *Memberships, subscriptions, and professional activity costs.*

a. Costs of the organization's membership in civic, business, technical and professional organizations are allowable.

b. Costs of the organization's subscriptions to civic, business, professional, and technical periodicals are allowable.

c. Costs of attendance at meetings and conferences sponsored by others when the primary purpose is the dissemination of technical information, are allowable. This includes costs of meals, transportation, and other items incidental to such attendance.

26. *Organization costs.* Expenditures, such as incorporation fees, brokers' fees, fees to promoters, organizers or management consultants, attorneys, accountants, or

investment counselors, whether or not employees of the organization, in connection with establishment or reorganization of an organization, are unallowable except with prior approval of the awarding agency.

27. *Overtime, extra-pay, shift, and multishift premiums.* Premiums for overtime, extra-pay shifts, and multishift work are allowable only with the prior approval of the awarding agency except:

a. When necessary to cope with emergencies, such as those resulting from accidents, natural disasters, breakdowns of equipment, or occasional operational bottlenecks of a sporadic nature.

b. When employees are performing indirect functions such as administration, maintenance, or accounting.

c. In the performance of tests, laboratory procedures, or other similar operations which are continuous in nature and cannot reasonably be interrupted or otherwise completed.

d. When lower overall cost to the Government will result.

28. *Page charges in professional journals.* Page charges for professional journal publications are allowable as a necessary part of research costs, where:

a. The research papers report work supported by the Government; and

b. The charges are levied impartially on all research papers published by the journal, whether or not by Government-sponsored authors.

29. *Participant support costs.* Participant support costs are direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with meetings, conferences, symposia, or training projects. These costs are allowable with the prior approval of the awarding agency.

30. *Patent costs.*

a. Costs of (i) preparing disclosures, reports, and other documents required by the award and of searching the art to the extent necessary to make such disclosures, (ii) preparing documents and any other patent costs in connection with the filing and prosecution of a United States patent application where title or royalty-free license is required by the Government to be conveyed to the Government, and (iii) general counseling services relating to patent and copyright matters, such as advice on patent and copyright laws, regulations, clauses, and employee agreements are allowable (but see paragraph 34).

b. Cost of preparing disclosures, reports, and other documents and of searching the art to the extent necessary to make disclosures, if not required by the award, are unallowable. Costs in connection with (i) filing and prosecuting any foreign patent application, or (ii) any United States patent application, where the award does not require conveying title or a royalty-free license to the Government, are unallowable (also see paragraph 43).

31. *Pension plans.* See paragraph 6. g.

32. *Plant security costs.* Necessary expenses incurred to comply with Government security requirements or for facilities protection, including wages,

uniforms, and equipment of personnel are allowable.

33. *Preaward costs.* Preaward costs are those incurred prior to the effective date of the award directly pursuant to the negotiation and in anticipation of the award where such costs are necessary to comply with the proposed delivery schedule or period of performance. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the award and only with the written approval of the awarding agency.

34. *Professional service costs.*

a. Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the organization, are allowable, subject to b, c, and d, of this paragraph when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Government.

b. In determining the allowability of costs in a particular case, no single factor or any special combination of factors is necessarily determinative. However, the following factors are relevant:

(1) The nature and scope of the service rendered in relation to the service required.

(2) The necessity of contracting for the service, considering the organization's capability in the particular area.

(3) The past pattern of such costs, particularly in the years prior to Government awards.

(4) The impact of Government awards on the organization's business (i.e., what new problems have arisen).

(5) Whether the proportion of Government work to the organization's total business is such as to influence the organization in favor of incurring the cost, particularly where the services rendered are not of a continuing nature and have little relationship to work under Government grants and contracts.

(6) Whether the service can be performed more economically by direct employment rather than contracting.

(7) The qualifications of the individual or concern rendering the service and the customary fees charged, especially on non-Government awards.

(8) Adequacy of the contractual agreement for the service (e.g., description of the service, estimate of time required, rate of compensation, and termination provisions).

c. In addition to the factors in paragraph b above, retainer fees to be allowable must be supported by evidence of bona fide services available or rendered.

d. Cost of legal, accounting, and consulting services, and related costs incurred in connection with defense of antitrust suits, and the prosecution of claims against the Government, are unallowable. Costs of legal, accounting and consulting services, and related costs, incurred in connection with patent infringement litigation, organization and reorganization, are unallowable unless otherwise provided for in the award (but see paragraph 47e).

35. *Profits and losses on disposition of depreciable property or other capital assets.*

a. (1) Gains and losses on sale, retirement, or other disposition of depreciable property

shall be included in the year in which they occur as credits or charges to cost grouping(s) in which the depreciation applicable to such property was included. The amount of the gain or loss to be included as a credit or charge to the appropriate cost grouping(s) shall be the difference between the amount realized on the property and the undepreciated basis of the property.

(2) Gains and losses on the disposition of depreciable property shall not be recognized as a separate credit or charge under the following conditions.

(a) The gain or loss is processed through a depreciation reserve account and is reflected in the depreciation allowable under paragraph 9.

(b) The property is given in exchange as part of the purchase price of a similar item and the gain or loss is taken into account in determining the depreciation cost basis of the new item.

(c) A loss results from the failure to maintain permissible insurance, except as otherwise provided in paragraph 18.a.(3).

(d) Compensation for the use of the property was provided through use allowances in lieu of depreciation in accordance with paragraph 9.

(e) Gains and losses arising from mass or extraordinary sales, retirements, or other dispositions shall be considered on a case-by-case basis.

b. Gains or losses of any nature arising from the sale or exchange of property other than the property covered in paragraph a, above shall be excluded in computing award costs.

36. *Public information service costs.*

a. Public information service costs include the cost associated with pamphlets, news releases, and other forms of information services. Such costs are normally incurred to:

(1) Inform or instruct individuals, groups, or the general public.

(2) Interest individuals or groups in participating in a service program of the organization.

(3) Disseminate the results of sponsored and nonsponsored activities.

b. Public information service costs are allowable as direct costs with the prior approval of the awarding agency. Such costs are unallowable as indirect costs.

37. *Publication and printing costs.*

a. Publication costs include the costs of printing (including the processes of composition, plate-making, press work, binding, and the end products produced by such processes), distribution, promotion, mailing, and general handling.

b. If these costs are not identifiable with a particular cost objective, they should be allocated as indirect costs to all benefiting activities of the organization.

c. Publication and printing costs are unallowable as direct costs except with the prior approval of the awarding agency.

d. The cost of page charges in journals is addressed paragraph 28.

38. *Rearrangement and alteration costs.*

Costs incurred for ordinary or normal rearrangement and alteration of facilities are allowable. Special arrangement and alteration costs incurred specifically for the project are allowable with the prior approval of the awarding agency.

39 *Reconversion costs.* Costs incurred in the restoration or rehabilitation of the organization's facilities to approximately the same condition existing immediately prior to commencement of Government awards, fair wear and tear excepted, are allowable.

40. *Recruiting costs.* The following recruiting costs are allowable: cost of "help wanted" advertising, operating costs of an employment office, costs of operating an educational testing program, travel expenses including food and lodging of employees while engaged in recruiting personnel, travel costs of applicants for interviews for prospective employment, and relocation costs incurred incident to recruitment of new employees (see paragraph 41c). Where the organization uses employment agencies, costs not in excess of standard commercial rates for such services are allowable.

41. *Relocation costs.*

a. Relocation costs are costs incident to the permanent change of duty assignment (for an indefinite period or for a stated period of not less than 12 months) of an existing employee or upon recruitment of a new employee. Relocation costs are allowable, subject to the limitation described in paragraphs b, c, and d, below, provided that:

(1) The move is for the benefit of the employer.

(2) Reimbursement to the employee is in accordance with an established written policy consistently followed by the employer.

(3) The reimbursement does not exceed the employee's actual (or reasonably estimated) expenses.

b. Allowable relocation costs for current employees are limited to the following:

(1) The costs of transportation of the employee, members of his immediate family and his household, and personal effects to the new location.

(2) The costs of finding a new home, such as advance trips by employees and spouses to locate living quarters and temporary lodging during the transition period, up to a maximum period of 30 days, including advance trip time.

(3) Closing costs, such as brokerage, legal, and appraisal fees, incident to the disposition of the employee's former home. These costs, together with those described in (4) below, are limited to 8 per cent of the sales price of the employee's former home.

(4) The continuing costs of ownership of the vacant former home after the settlement or lease date of the employee's new permanent home, such as maintenance of buildings and grounds (exclusive of fixing up expenses), utilities, taxes, and property insurance.

(5) Other necessary and reasonable expenses normally incident to relocation, such as the costs of cancelling an unexpired lease, disconnecting and reinstalling household appliances, and purchasing insurance against loss of or damages to personal property. The cost of cancelling an unexpired lease is limited to three times the monthly rental.

c. Allowable relocation costs for new employees are limited to those described in (1) and (2) of paragraph b, above. When relocation costs incurred incident to the recruitment of new employees have been

allowed either as a direct or indirect cost and the employee resigns for reasons within his control within 12 months after hire, the organization shall refund or credit the Government for its share of the cost.

However, the costs of travel to an overseas location shall be considered travel costs in accordance with paragraph 50 and not relocation costs for the purpose of this paragraph if dependents are not permitted at the location for any reason and the costs do not include costs of transporting household goods.

d. The following costs related to relocation are unallowable:

(1) Fees and other costs associated with acquiring a new home.

(2) A loss on the sale of a former home.

(3) Continuing mortgage principal and interest payments on a home being sold.

(4) Income taxes paid by an employee related to reimbursed relocation costs.

42. *Rental costs.*

a. Subject to the limitations described in paragraphs b, through d, of this paragraph, rental costs are allowable to the extent that the rates are reasonable in light of such factors as: rental costs of comparable property, if any; market conditions in the area; alternatives available; and the type, life expectancy, condition, and value of the property leased.

b. Rental costs under sale and leaseback arrangements are allowable only up to the amount that would be allowed had the organization continued to own the property.

c. Rental costs under less-than-length leases are allowable only up to the amount that would be allowed had title to the property vested in the organization. For this purpose, a less-than-arms-length lease is one under which one party to the lease agreement is able to control or substantially influence the actions of the other. Such leases include, but are not limited to those between (i) divisions of an organization; (ii) organizations under common control through common officers, directors, or members; and (iii) an organization and a director, trustee, officer, or key employee of the organization or his immediate family either directly or through corporations, trusts, or similar arrangements in which they hold a controlling interest.

d. Rental costs under leases which create a material equity in the leased property are allowable only up to the amount that would be allowed had the organization purchased the property on the date the lease agreement was executed; e.g., depreciation or use allowances, maintenance, taxes, insurance but excluding interest expense and other unallowable costs. For this purpose, a material equity in the property exists if the lease is noncancelable or is cancelable only upon the occurrence of some remote contingency and has one or more of the following characteristics:

(1) The organization has the right to purchase the property for a price which at the beginning of the lease appears to be substantially less than the probable fair market value at the time it is permitted to purchase the property (commonly called a lease with a bargain purchase option);

(2) Title to the property passes to the organization at some time during or after the lease period;

(3) The term of the lease (initial term plus periods covered by bargain renewal options, if any) is equal to 75 per cent or more of the economic life of the leased property; i.e., the period the property is expected to be economically usable by one or more users.

43. *Royalties and other costs for use of patents and copyrights.*

a. Royalties on a patent or copyright or amortization of the cost of acquiring by purchase a copyright, patent, or rights thereto, necessary for the proper performance of the award are allowable unless:

(1) The Government has a license or the right to free use of the patent or copyright.

(2) The patent or copyright has been adjudicated to be invalid, or has been administratively determined to be invalid.

(3) The patent or copyright is considered to be unenforceable.

(4) The patent or copyright is expired.

b. Special care should be exercised in determining reasonableness where the royalties may have been arrived at as a result of less than arm's length bargaining; e.g.:

(1) Royalties paid to persons, including corporations, affiliated with the organization.

(2) Royalties paid to unaffiliated parties, including corporations, under an agreement entered into in contemplation that a Government award would be made.

(3) Royalties paid under an agreement entered into after an award is made to an organization.

c. In any case involving a patent or copyright formerly owned by the organization, the amount of royalty allowed should not exceed the cost which would have been allowed had the organization retained title thereto.

44. *Severance pay.*

a. Severance pay, also commonly referred to as dismissal wages, is a payment in addition to regular salaries and wages, by organizations to workers whose employment is being terminated. Costs of severance pay are allowable only to the extent that in each case, it is required by (i) law, (ii) employer-employee agreement, (iii) established policy that constitutes, in effect, an implied agreement on the organization's part, or (iv) circumstances of the particular employment.

b. Costs of severance payments are divided into two categories as follows:

(1) Actual normal turnover severance payments shall be allocated to all activities; or, where the organization provides for a reserve for normal severances such method will be acceptable if the charge to current operations is reasonable in light of payments actually made for normal severances over a representative past period, and if amounts charged are allocated to all activities of the organization.

(2) Abnormal or mass severance pay is of such a conjectural nature that measurement of costs by means of an accrual will not achieve equity to both parties. Thus, accruals for this purpose are not allowable. However, the Government recognizes its obligation to participate to the extent of its fair share, in any specific payment. Thus, allowability will be considered on a case-by-case basis in the event of occurrence.

45. *Specialized service facilities.*

a. The costs of services provided by highly complex or specialized facilities operated by

the organization, such as electronic computers and wind tunnels, are allowable provided the charges for the services meet the conditions of either b. or c. of this paragraph and, in addition, take into account any items of income or Federal financing that qualify as applicable credits under paragraph A.5. of Attachment A.

b. The costs of such services, when material, must be charged directly to applicable awards based on actual usage of the services on the basis of a schedule of rates or established methodology that (i) does not discriminate against federally supported activities of the organization, including usage by the organization for internal purposes, and (ii) is designed to recover only the aggregate costs of the services. The costs of each service shall consist normally of both its direct costs and its allocable share of all indirect costs. Advance agreements pursuant to paragraph A.6. of Attachment A are particularly important in this situation.

c. Where the costs incurred for a service are not material, they may be allocated as indirect costs.

#### 46. Taxes.

a. In general, taxes which the organization is required to pay and which are paid or accrued in accordance with generally accepted accounting principles, and payments made to local governments in lieu of taxes which are commensurate with the local government services received are allowable, except for (i) taxes from which exemptions are available to the organization directly or which are available to the organization based on an exemption afforded the Government and in the latter case when the awarding agency makes available the necessary exemption certificates, (ii) special assessments on land which represent capital improvements, and (iii) Federal income taxes.

b. Any refund of taxes, and any payment to the organization of interest thereon, which were allowed as award costs, will be credited either as a cost reduction or cash refund, as appropriate, to the Government.

47. *Termination costs.* Termination of awards generally give rise to the incurrence of costs, or the need for special treatment of costs, which would not have arisen had the award not been terminated. Cost principles covering these items are set forth below. They are to be used in conjunction with the other provisions of this Circular in termination situations.

a. *Common items.* The cost of items reasonably usable on the organization's other work shall not be allowable unless the organization submits evidence that it would not retain such items at cost without sustaining a loss. In deciding whether such items are reasonably usable on other work of the organization, the awarding agency should consider the organization's plans and orders for current and scheduled activity. Contemporaneous purchases of common items by the organization shall be regarded as evidence that such items are reasonably usable on the organization's other work. Any acceptance of common items as allocable to the terminated portion of the award shall be limited to the extent that the quantities of such items on hand, in transit, and on order are in excess of the reasonable quantitative requirements of other work.

b. *Costs continuing after termination.* If in a particular case, despite all reasonable efforts by the organization, certain costs cannot be discontinued immediately after the effective date of termination, such costs are generally allowable within the limitations set forth in this Circular, except that any such costs continuing after termination due to the negligent or willful failure of the organization to discontinue such costs shall be unallowable.

c. *Loss of useful value.* Loss of useful value of special tooling, machinery and equipment which was not charged to the award as a capital expenditure is generally allowable if:

(1) Such special tooling, machinery, or equipment is not reasonably capable of use in the other work of the organization.

(2) The interest of the Government is protected by transfer of title or by other means deemed appropriate by the awarding agency;

d. *Rental costs.* Rental costs under unexpired leases are generally allowable where clearly shown to have been reasonably necessary for the performance of the terminated award less the residual value of such leases, if (i) the amount of such rental claimed does not exceed the reasonable use value of the property leased for the period of the award and such further period as may be reasonable, and (ii) the organization makes all reasonable efforts to terminate, assign, settle, or otherwise reduce the cost of such lease. There also may be included the cost of alterations of such leased property, provided such alterations were necessary for the performance of the award, and of reasonable restoration required by the provisions of the lease.

e. *Settlement expenses.* Settlement expenses including the following are generally allowable:

(1) Accounting, legal, clerical, and similar costs reasonably necessary for:

(a) The preparation and presentation to awarding agency of settlement claims and supporting data with respect to the terminated portion of the award, unless the termination is for default. (See paragraph 4.a. of Attachment L, OMB Circular No. A-110; and

(b) The termination and settlement of subawards.

(2) Reasonable costs for the storage, transportation, protection, and disposition of property provided by the Government or acquired or produced for the award; except when grantees are reimbursed for disposals at a predetermined amount in accordance with Attachment N of OMB Circular A-110.

(3) Indirect costs related to salaries and wages incurred as settlement expenses in subparagraphs (1) and (2) of this paragraph. Normally, such indirect costs shall be limited to fringe benefits, occupancy cost, and immediate supervision.

f. *Claims under subawards.* Claims under subawards, including the allocable portion of claims which are common to the award, and to other work of the organization are generally allowable. An appropriate share of the organization's indirect expense may be allocated to the amount of settlements with subcontractor/subgrantees; provided that the amount allocated is otherwise consistent

with the basic guidelines contained in Attachment A. The indirect expense so allocated shall exclude the same and similar costs claimed directly or indirectly as settlement expenses.

#### 48. Training and education costs.

a. Costs of preparation and maintenance of a program of instruction including but not limited to on-the-job, classroom, and apprenticeship training, designed to increase the vocational effectiveness of employees, including training materials, textbooks, salaries or wages of trainees (excluding overtime compensation which might arise therefrom), and (i) salaries of the director of training and staff when the training program is conducted by the organization; or (ii) tuition and fees when the training is in an institution not operated by the organization, are allowable.

b. Costs of part-time education, at an undergraduate or postgraduate college level, including that provided at the organization's own facilities, are allowable only when the course or degree pursued is relative to the field in which the employee is now working or may reasonably be expected to work, and are limited to:

(1) Training materials.

(2) Textbooks.

(3) Fees charges by the educational institution.

(4) Tuition charged by the educational institution, or in lieu of tuition, instructors' salaries and the related share of indirect costs of the educational institution to the extent that the sum thereof is not in excess of the tuition which would have been paid to the participating educational institution.

(5) Salaries and related costs of instructors who are employees of the organization.

(6) Straight-time compensation of each employee for time spent attending classes during working hours not in excess of 156 hours per year and only to the extent that circumstances do not permit the operation of classes or attendance at classes after regular working hours; otherwise such compensation is unallowable.

c. Costs of tuition, fees, training materials, and textbooks (but not subsistence, salary, or any other emoluments) in connection with full-time education, including that provided at the organization's own facilities, at a postgraduate (but not undergraduate) college level, are allowable only when the course or degree pursued is related to the field in which the employee is now working or may reasonably be expected to work, and only where the costs receive the prior approval of the awarding agency. Such costs are limited to the costs attributable to a total period not to exceed one school year for each employee so trained. In unusual cases the period may be extended.

d. Costs of attendance of up to 16 weeks per employee per year at specialized programs specifically designed to enhance the effectiveness of executives or managers or to prepare employees for such positions are allowable. Such costs include enrollment fees, training materials, textbooks and related charges, employees' salaries, subsistence, and travel. Costs allowable under this paragraph do not include those for courses that are part of a degree-oriented

curriculum, which are allowable only to the extent set forth in b. and c. above.

e. Maintenance expense, and normal depreciation or fair rental, on facilities owned or leased by the organization for training purposes are allowable to the extent set forth in paragraphs 9, 22, and 42.

f. Contributions or donations to educational or training institutions, including the donation of facilities or other properties, and scholarships or fellowships, are unallowable.

g. Training and education costs in excess of those otherwise allowable under paragraphs b. and c. of this paragraph may be allowed with prior approval of the awarding agency. To be considered for approval, the organization must demonstrate that such costs are consistently incurred pursuant to an established training and education program, and that the course or degree pursued is relative to the field in which the employee is now working or may reasonably be expected to work.

49. **Transportation costs.** Transportation costs include freight, express, cartage, and postage charges relating either to goods purchased, in process, or delivered. These costs are allowable. When such costs can readily be identified with the items involved, they may be directly charged as transportation costs or added to the cost of such items (see paragraph 23). Where identification with the materials received cannot readily be made, transportation costs may be charged to the appropriate indirect cost accounts if the organization follows a consistent, equitable procedure in this respect.

50. **Travel costs.**

a. Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the organization. Travel costs are allowable subject to paragraphs b. through e. below, when they are directly attributable to specific work under an award or are incurred in the normal course of administration of the organization.

b. Such costs may be charged on an actual basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used results in charges consistent with those normally allowed by the organization in its regular operations.

c. The difference in cost between first-class air accommodations and less than first-class air accommodations is unallowable except when less than first-class air accommodations are not reasonably available to meet necessary mission requirements, such as where less than first-class accommodations would (i) require circuitous routing, (ii) require travel during unreasonable hours, (iii) greatly increase the duration of the flight, (iv) result in additional costs which would offset the transportation savings, or (v) offer accommodations which are not reasonably adequate for the medical needs of the traveler.

d. Necessary and reasonable costs of family movements and personnel movements of a special or mass nature are allowable, pursuant to paragraphs 40 and 41, subject to

allocation on the basis of work or time period benefited when appropriate. Advance agreements are particularly important.

e. Direct charges for foreign travel costs are allowable only when the travel has received prior approval of the awarding agency. Each separate foreign trip must be approved. For purposes of this provision, foreign travel is defined as any travel outside of Canada and the United States and its territories and possessions. However, for an organization located in foreign countries, the term "foreign travel" means travel outside that country.

[Circular No. A-122]

**Attachment C**

**Nonprofit Organizations not Subject to this Circular**

Aerospace Corporation, El Segundo, California

Argonne Universities Association, Chicago, Illinois

Associated Universities, Incorporated, Washington, D.C.

Associated Universities for Research and Astronomy, Tucson, Arizona

Atomic Casualty Commission, Washington, D.C.

Battelle Memorial Institute, Headquartered in Columbus, Ohio

Brookhaven National Laboratory, Upton, New York

Center for Energy and Environmental Research (CEER), (University of Puerto Rico) Commonwealth of Puerto Rico

Charles Stark Draper Laboratory, Incorporated, Cambridge, Massachusetts

Comparative Animal Research Laboratory (CARL)

(University of Tennessee), Oak Ridge, Tennessee

Environmental Institute of Michigan, Ann Arbor, Michigan

Hanford Environmental Health Foundation, Richland, Washington

IIT Research Institute, Chicago, Illinois  
Institute for Defense Analysis, Arlington, Virginia

Institute of Gas Technology, Chicago, Illinois

Midwest Research Institute, Headquartered in Kansas City, Missouri

Mitre Corporation, Bedford, Massachusetts

Montana Energy Research and Development Institute, Inc., (MERDI), Butte, Montana

National Radiological Astronomy Observatory, Green Bank, West Virginia

Oak Ridge Associated Universities, Oak Ridge, Tennessee

Project Management Corporation, Oak Ridge, Tennessee

Rand Corporation, Santa Monica, California

Research Triangle Institute, Research Triangle Park, North Carolina

Riverside Research Institute, New York, New York

Sandia Corporation, Albuquerque, New Mexico

Southern Research Institute, Birmingham, Alabama

Southwest Research Institute, San Antonio, Texas

SRI International, Menlo Park, California  
Syracuse Research Corporation, Syracuse, New York

Universities Research Association.

Incorporated (National Acceleration Lab), Argonne, Illinois

Universities Corporation for Atmospheric Research, Boulder, Colorado

Nonprofit Insurance Companies such as Blue Cross and Blue Shield Organizations

Other nonprofit organizations as negotiated with awarding agencies.

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[Note: This reprint incorporates corrections published at 46 FR 17185, Tuesday, March 17, 1981.]



Lobbying Amendment to  
OMB Circular A-122

1. Insert a new paragraph in Attachment B, as follows: "B21 Lobbying"

a. Notwithstanding other provisions of this Circular, costs associated with the following activities are unallowable:

a.(1) Attempts to influence the outcomes of any Federal, State, or local election, referendum, initiative, or similar procedure, through in kind or cash contributions, endorsements, publicity, or similar activity;

a.(2) Establishing, administering, contributing to, or paying the expenses of a political party, campaign, political action committee, or other organization established for the purpose of influencing the outcomes of elections;

a.(3) Any attempt to influence: (i) The introduction of Federal or state legislation; or (ii) the enactment or modification of any pending Federal or state legislation through communication with any member or employee of the Congress or state legislature (including efforts to influence State or local officials to engage in similar lobbying activity), or with any government official or employee in connection with a decision to sign or veto enrolled legislation;

a.(4) Any attempt to influence: (i) The introduction of Federal or state legislation; or (ii) the enactment or modification of any pending Federal or state legislation by preparing, distributing or using publicity or propaganda, or by urging members of the general public or any segment thereof to contribute to or participate in any mass demonstration, march, rally, fundraising drive, lobbying campaign or letter writing or telephone campaign; or

a.(5) Legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, and analyzing the effect of legislation, when such activities are carried on in support of or in knowing preparation for an effort to engage in unallowable lobbying.

b. The following activities are excepted from the coverage of subparagraph a:

b.(1) Providing a technical and factual presentation of information on a topic directly related to the performance of a grant, contract or other agreement through hearing testimony, statements or letters to the Congress or a state legislature, or subdivision, member, or

cognizant staff member thereof, in response to a documented request (including a Congressional Record notice requesting testimony or statements for the record at a regularly scheduled hearing) made by the recipient member, legislative body or subdivision, or a cognizant staff member thereof; provided such information is readily obtainable and can be readily put in deliverable form; and further provided that costs under this section for travel, lodging or meals are unallowable unless incurred to offer testimony at a regularly scheduled Congressional hearing pursuant to a written request for such presentation made by the Chairman or Ranking Minority Member of the Committee or Subcommittee conducting such hearing.

b.(2) Any lobbying made unallowable by section a.(3) to influence State legislation in order to directly reduce the cost, or to avoid material impairment of the organization's authority to perform the grant, contract, or other agreement.

b.(3) Any activity specifically authorized by statute to be undertaken with funds from the grant, contract, or other agreement.

c.(1) When an organization seeks reimbursement for indirect costs, total lobbying costs shall be separately identified in the indirect cost rate proposal, and thereafter treated as other unallowable activity costs in accordance with the procedures of paragraph B3 of Attachment A.

c.(2) Organizations shall submit as part of their annual indirect cost rate proposal a certification that the requirements and standards of this paragraph have been complied with.

c.(3) Organizations shall maintain adequate records to demonstrate that the determination of costs as being allowable or unallowable pursuant to paragraph B21 complies with the requirements of this Circular.

.....  
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Wednesday, May 27, 1987 / page 19788

Revision of Attachment B, section B21,  
paragraph c [4]  
.....

c.(4) Time logs, calendars, or similar records shall not be required to be created for purposes of complying with this section during any particular calendar month when: (1) the employee engages in lobbying (as defined in paragraphs (a) and (b) above) 25 percent or less of the employee's compensated

hours of employment during that calendar month, and (2) within the preceding five-year period, the organization has not materially misstated allowable or unallowable costs of any nature, including legislative lobbying costs. When conditions (1) and (2) above are met, organizations are not required to establish records to support the allowability of claimed costs in addition to records already required or maintained. Also, when conditions (1) and (2) above are met, the absence of time logs, calendars, or similar records will not serve as a basis for disallowing costs by contesting estimates of lobbying time spent by employees during a calendar month.

c.(5) Agencies shall establish procedures for resolving in advance, in consultation with OMB, any significant questions or disagreements concerning the interpretation or application of paragraph B21. Any such advance resolution shall be binding in any subsequent settlements, audits or investigations with respect to that grant or contract for purposes of interpretation of this Circular; provided, however, that this shall not be construed to prevent a contractor or grantee from contesting the lawfulness of such a determination.

2. Renumber subsequent paragraphs of Attachment B.



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## Matching Guidelines for State Humanities Councils

### BACKGROUND

Since the National Endowment for the Humanities (NEH) received its first appropriation in 1966, Congress has provided two types of grant funds to the agency: outright program funds and federal matching funds. The purpose of the matching funds has been to stimulate private support for projects in the humanities by offering potential donors the incentive of doubling the impact of their contributions.

Under NEH's original legislation, gifts were eligible to release matching funds only if they were given to the Endowment. Therefore, until this requirement was changed in 1980, state humanities councils frequently acted as collection agents for the Endowment; and all gifts that were to be matched were actually forwarded to NEH. As a result of changes in NEH's legislation that were effected in 1980 and 1985, the Endowment is now authorized to match gifts that are retained by a state council or one of its grantees.

### MATCHING OFFER

#### Conditional Offer

All NEH matching offers to state councils are conditional on the Chairman's acceptance of the gift or gift certification and sufficient matching funds being available in the Division of State Programs at the time the council certifies or forwards a gift. The councils are therefore encouraged to certify gifts as early as possible in each funding cycle and to make clear in their application guidelines that any offer of matching funds that they make to an applicant is contingent on the availability of funds from NEH.

#### Expiration of Offer

All offers of NEH matching funds to state councils expire in September of the first year of the grant. Under current circumstances, it is very unlikely that an offer would be extended beyond the original offer period.



## GIFTS

For the purposes of these guidelines, a gift is defined as the voluntary transfer of money (or a noncash contribution that is subsequently converted to cash) from a nonfederal third party to the state council or a regrantee of the council without compensation or consideration of return.

### Restricted and Unrestricted Gifts

Both restricted gifts (gifts that are given specifically in support of a designated activity) or unrestricted gifts (gifts that may be used at the discretion of the state council or its regrantees) are eligible to release federal matching funds. A gift may be matched by NEH even if a donor did not give the gift specifically for the purpose of releasing federal matching funds.

### Noncash Gifts

Noncash contributions to the council or a regrantee are not eligible to release matching funds. Gifts of property, equipment, marketable securities, or contributed services from a third party would therefore not be eligible to release federal matching funds. The net proceeds from the sale of noncash gifts, however, may be matched if the proceeds are used to support budgeted council or regrantee activities during the grant period.

### Gifts Retained by Recipients

The Endowment's legislation [Section 11 (a) (2) (B) (ii)] now makes it possible for NEH to match gifts that are received and retained by a regrantee of a state council. As long as adequate documentation of gifts is maintained by a council, NEH has no preference about whether the regrantee retains the gift or forwards it to the council.

### Gifts to Parties Other than the Council or Recipient

Occasionally gifts may be given to an individual or organization that is associated with a council's or a regrantee's project rather than directly to a council or a regrantee. These gifts would normally not be eligible to release federal matching funds. The only exception would be if the donor had restricted the use of the gift specifically to the support of a project that was to be carried out by a council or a regrantee, and the gift funds were transferred to the council or the regrantee so that either one of these parties controlled the expenditure of the gift funds. In this case, the third party would act as an agent of the donor in transferring funds to a state council or a regrantee.

### Pledged Gifts

A pledge is a legally enforceable written promise to pay a specific amount of money during the grant period. Grant awards from nonfederal third parties are considered to be pledged gifts until the grant funds are disbursed to the grantee.

NEH will consider matching a gift that is pledged to a **state humanities council** only if the council can substantiate that project activities will be affected adversely if NEH funds are not released immediately, and the council is also able to certify that (1) the pledge is legally enforceable, and (2) the donor is obligated to pay the pledge during the grant period. A copy of the donor's pledge letter must also be enclosed with the certification.

The state councils are required to inform the Donations Section of the Grants Office when full payment of a pledge is received. In the event a donor fails to pay a pledge, it is the responsibility of the council to enforce the pledge, to substitute other gift funds, or to return to NEH the amount of federal matching funds awarded.

NEH will normally not consider matching pledges that have been made to a regrantee of a state council. Therefore, councils should inform their regrantees that gifts will not be matched by NEH until the regrantee can document the receipt of the gift.

### INELIGIBLE CONTRIBUTIONS

The following do not qualify as contributions that are eligible to release federal matching funds:

- a. an applicant's own funds;
- b. federally appropriated funds, whether or not they are disbursed directly to a council or a regrantee by an agency of the federal government or indirectly through an organization such as a state agency or another state humanities council;<sup>1</sup>

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<sup>1</sup> In soliciting financial support from state governments, councils are advised to explain this limitation to ensure that state support that will be used to release NEH matching funds meets the eligibility criteria.

- c. money that is paid to a council or a regrantee for work performed under a contractual agreement;<sup>2</sup>
- d. income earned from a gift after it has been transferred from the donor to a council or a regrantee;
- e. noncash contributions to a project, such as a gift of property or equipment, that are not converted to cash;
- f. gifts that are given to an individual or organization associated with the project that are not given specifically in support of a council's or a regrantee's project and that are not transferred to either of these parties so that they control the expenditure of the gift funds;
- g. registration fees or any other fee or charge for participation in or attendance at project activities;
- h. deferred giving, for example, a charitable remainder annuity trust, a charitable remainder unitrust, or a pooled income fund; and
- i. contributions that are made under circumstances where there is the appearance the donor might benefit financially by contributing to a particular project, for example (1) contributions from any institution or individual involved in project activities if the individual, the institution, or persons in their employ will be paid from grant or cost-sharing funds for services rendered to the project, and (2) contributions from persons closely related to and living in the same household with someone who directs a grant project and receives some form of remuneration from grant or cost-sharing funds for work performed on the project.

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<sup>2</sup> Some councils receive funding through agreements that are referred to as contracts but that closely resemble grants. These funds may not be certified until the council has established to the Endowment's satisfaction that (a) the funds are not paid for services that are rendered by the council, (b) the "contractor" has no rights to materials or services resulting from funded council activity, and (c) payments cannot be withheld if the council does not achieve specified levels of performance under the agreement. A copy of the complete agreement should be enclosed with the council's arguments for considering the money eligible to be matched by NEH.

For gifts received from universities, NEH uses the "campus" as the limit of conflict of interest. Thus, a gift from the Riverside campus of the University of California system would be eligible to release federal matching funds if no part of its campus benefited financially from the project even though another campus in the system would benefit.

If a state council has a question about whether or not a contribution qualifies as an eligible gift to release federal matching funds, the matter should be brought to the attention of the NEH Grants Office.

#### GIFTS GIVEN TO COUNCILS AND REGRANTEES

##### Certification of Gifts

To have NEH match gifts that are given to a state council or one of its grantees, the council must forward to NEH a certification letter that follows the format of the sample letter included in these guidelines. Please note that (1) all the statements contained in the sample certification letter are essential for certifying the receipt of a gift, and (2) all gifts that are restricted to the use of a particular grant must be certified during that grant period.

Before certifying a gift that has been retained by a grantee, the council must determine from the documentation provided by the grantee that (1) the gift meets the eligibility criteria established in these guidelines, and (2) the gift has actually been transferred from the donor to the grantee.

Certifications should be addressed to the

Donations Section  
Grants Office/Room 310  
National Endowment for the Humanities  
1100 Pennsylvania Avenue, N.W.  
Washington, D.C. 20506

##### Documentation of Gifts

Documentation that substantiates the amounts, sources, and eligibility of gifts that have been given to a council or its grantees must be retained by the council for three years following the submission of a final financial status report for the grant. When a council certifies a gift that is retained by a grantee, it must also be able to document that the gift was paid to the grantee before it was certified to NEH.

Ordinarily, the donor's transmittal letter will provide the needed documentation.<sup>3</sup> Donor letters should therefore be requested whenever a gift is given to a council or a regrantee. The letter should contain the following information: the names of the donor and recipient, the amount of the gift that is being conveyed, and whether or not all or a portion of the gift is given for a specific purpose or may be used at the discretion of the council or the regrantee. NEH reserves the right to request a copy of this documentation from a council before it processes a gift certification.

#### Certified Gifts and Cost Sharing

Gifts that are retained by the council or its regrantees constitute a part of the cost-sharing contribution to the NEH grant against which they have been certified. These gifts must therefore be expended during the grant period on budgeted project costs and reported as part of the nonfederal share of outlays for that grant. Because NEH may not support more than 50 percent of the costs related to the overall activities of a humanities council, the councils must ensure that they or their regrantees maintain documentation that substantiates that the cash and in-kind cost-sharing contributions to the NEH grant at least equal the outright and matching funds provided by NEH.

#### OBLIGATION AND EXPENDITURE OF GIFT AND MATCHING FUNDS

State councils are expected to obligate within the first year of a grant period the matching funds that have been awarded for that grant as well as the gift funds the council has received from donors and certified to NEH. Gift or matching funds that a council is not able to obligate by the end of the first year may be carried forward and obligated in the second year of the grant period. Gifts that are retained by a regrantee have to be expended within the regrant period. Matching funds that are obligated and subsequently deobligated may be used again for the same activity for which they were originally allocated, provided the council still has the authority to obligate funds on that particular NEH grant.

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<sup>3</sup> To establish the eligibility of funds that are raised by a council or regrantee through special events or fund-raising campaigns, any promotional materials, such as benefit circulars, invitations, posters, etc., should indicate the purpose of the fund-raising activities and NEH's offer to match gifts raised for this purpose. Representative copies of promotional materials must be retained by the council as documentation of gift eligibility.

Both the gift and the matching funds must be expended by the end of the council's grant period. It is not necessary, however, that gift funds and the matching funds they release always be expended for the same purpose. Therefore, if a donor gave a gift in support of regrant activities but did not require that matching funds be used to support these activities, the council could use the federal matching funds to cover other expenses, such as its own administrative costs.

**In reviewing regrantees' final financial reports, councils must insure that the cash cost-sharing contribution to a project equals the amount of NEH matching funds the grantee has expended.**

#### GIFTS GIVEN TO NEH

Although donors are encouraged to give their gifts to the state councils, some may want to give the gifts directly to NEH. In this case, the donor's transmittal letter to NEH should clearly indicate which NEH grant the gift is to support and that the funds are to be matched by NEH. Should any portion of the gift be given for a specific purpose, (for example, in support of a particular regrant activity or the council's administrative costs) this should also be indicated in the transmittal letter. Checks should be made payable to the National Endowment for the Humanities and should be forwarded with the transmittal letter to the Donations Section of the NEH Grants Office.

Gifts that are given directly to NEH become federal funds once they are accepted by the Chairman. They are in turn awarded by NEH to the state council along with the federal matching funds that the gifts have released.

#### TAX CONSIDERATIONS

Gifts to NEH are generally deductible as charitable contributions for federal income tax. Gifts to the state councils will generally be deductible if the council has received 501(c)(3) tax-exempt status from the Internal Revenue Service.

PLEASE REFER TO THE SAMPLE CERTIFICATION LETTER ON THE NEXT PAGE

SAMPLE CERTIFICATION LETTER  
FOR  
STATE HUMANITIES COUNCILS

(Address the letter to the Donations Section, Grants Office, Room 310,  
National Endowment for the Humanities, Washington, D. C. 20506.)

I certify that \$\_\_\_\_\_ has been received in the form of gifts that  
have been donated in support of the activities that will be carried out  
under NEH grant \_\_\_\_\_. These gifts meet the criteria for  
eligibility established by NEH and will be expended for project purposes  
during the grant period. Documentation that substantiates the amounts,  
sources, and eligibility of the gifts will be retained for three years  
following the submission to NEH of the final financial report for the  
referenced grant.

The funds certified above were provided by a donor/donors in the  
following category/categories:

Donor Category*	Number of Donors	Amount
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____

The matching funds released by this certification will be used as follows:

Budget Category	Amount
_____	\$ _____
_____	\$ _____
_____	\$ _____

(If unpaid pledges or awards are certified, the following sentence must  
appear in the certification letter.)

The amount certified in this letter includes \$\_\_\_\_\_ in unpaid  
pledges and awards. The documentation required by the Endowment is  
attached.

Sincerely,

\_\_\_\_\_  
Executive Director

\*Please use the following numerical designations for donor categories

1. Individuals
2. Corporations and businesses (including company sponsored and  
corporate foundation)
3. Private and public foundations (including independent, operating, and  
community foundations)
4. Labor unions and professional associations
5. Nonfederal government units (state, county, municipal)
6. Affiliated groups (alumni/ae, memberships, "Friends")
7. Special events and benefits (use only when gifts raised through this  
means cannot be readily assigned another donor category)
8. Other (specify)

### Sample Grant Reporting Schedule

All grant reporting dates specific to a particular grant are contained within the context of the award letter which each state council receives from the NEH Grants Office at the beginning of the fiscal year. For an FY 88 award, for example, the states of reporting would be:

Interim Financial Report	01/31/89
Interim Financial Report	01/31/90
Final Financial Report	01/31/91
Federal Cash Transactions Report	01/31/88
Federal Cash Transactions Report	04/30/88
Federal Cash Transactions Report	07/31/88
Federal Cash Transactions Report	10/31/88
Federal Cash Transactions Report	01/31/89
Federal Cash Transactions Report	04/30/89
Federal Cash Transactions Report	07/31/89
Federal Cash Transactions Report	10/31/89
Federal Cash Transactions Report	01/31/90
Federal Cash Transactions Report	04/30/90
Federal Cash Transactions Report	07/31/90
Federal Cash Transactions Report	10/31/90

### State and Regional Exemplary Awards

Should a state council be awarded a state and regional exemplary award, the reporting schedule--based upon a grant awarded in FY 88--is as follows:

Final Financial Report	09/30/90
Final Performance Report	09/30/90
Federal Cash Transactions Report	10/31/88
Federal Cash Transactions Report	01/31/89
Federal Cash Transactions Report	04/31/89
Federal Cash Transactions Report	07/31/89
Federal Cash Transactions Report	10/31/89
Federal Cash Transactions Report	01/31/90
Federal Cash Transactions Report	04/31/90

Copies of appropriate forms are available from the NEH Grants Office. Beginning in 1989, of course, the report dates will shift to account for the time change in the competition cycle.



# FEDERAL CASH TRANSACTIONS REPORT

(See instructions on back. If report is for more than one grant or assistance agreement, attach completed Standard Form 272-A.)

Approved by Office of Management and Budget, No. 80-RO182

1. Federal sponsoring agency and organizational element to which this report is submitted

ACCOUNTING OFFICE/ROOM 317  
National Endowment for the Humanities  
Washington, D.C. 20506

## 2. RECIPIENT ORGANIZATION

Name

Number  
and Street

City, State  
and ZIP Code

4. Federal grant or other identification number

5. Recipient's account number or identifying number

6. Letter of credit number

7. Last payment voucher number

Give total number for this period

8. Payment Vouchers credited to your account

9. Treasury checks received (whether or not deposited)

## 10. PERIOD COVERED BY THIS REPORT

FROM (month, day, year)

TO (month, day, year)

## 3. FEDERAL EMPLOYER IDENTIFICATION NO.

N/A

## 11. STATUS OF FEDERAL CASH

year  
Rema  
is r

(See specific  
instructions  
on the back)

a. Cash on hand beginning of reporting period

\$

b. Letter of credit withdrawals

c. Treasury check payments

d. Total receipts (Sum of lines b and c)

e. Total cash available (Sum of lines a and d)

f. Gross disbursements

g. Federal share of program income

-0-

h. Net disbursements (Line f minus line g)

i. Adjustments of prior periods

j. Cash on hand end of period

\$

## 12. THE AMOUNT SHOWN ON LINE 11J, ABOVE, REPRESENTS CASH REQUIREMENTS FOR THE ENSUING

Days

## 13. OTHER INFORMATION

a. Interest income

\$

b. Advances to subgrantees or subcontractors

\$

## 14. REMARKS (Attach additional sheets of plain paper, if more space is required)

## 15.

## CERTIFICATION

I certify to the best of my knowledge and belief that this report is true in all respects and that all disbursements have been made for the purpose and conditions of the grant or agreement

AUTHORIZED  
CERTIFYING  
OFFICIAL

SIGNATURE

DATE REPORT SUBMITTED

TYPED OR PRINTED NAME AND TITLE

(Area Code) (Number) (Extension)

TELEPHONE

THIS SPACE FOR AGENCY USE

## IMPORTANT NOTICE

The original and one copy of this report should be mailed to

**Accounting Office, Room 317  
National Endowment for the Humanities  
Washington, D.C. 20506**

## INSTRUCTIONS

<i>Item</i>	<i>Entry</i>	<i>Item</i>	<i>Entry</i>
	If this report covers more than one grant or other agreement, leave items 4 and 5 blank and provide the information on Standard Form 272-A, Report of Federal Cash Transactions—Continued, otherwise;		the employee's share of benefits if treated as a direct cost, interdepartmental charges for supplies and services, and the amount to which the recipient is entitled for indirect costs.
4.	Enter Federal grant number, agreement number, or other identifying numbers.	11i.	Enter the amount of all adjustments pertaining to prior periods affecting the ending balance that have not been included in any lines above. Identify each grant or agreement for each adjustment under "Remarks." Use plain sheets of paper if additional space is required.
	This space reserved for an account number or other identifying number that may be assigned by the recipient.	11j.	Enter the total amount of Federal cash on hand at the end of the reporting period. This amount should include all funds on deposit, imprest funds, and undeposited funds (line e, less line h, plus or minus line i).
6.	Enter the letter of credit number that applies to this report. If all advances were made by Treasury check, enter "NA" for not applicable and leave items 7 and 8 blank.	12.	Enter the estimated number of days until the cash on hand, shown on line 11j, will be expended. If more than three days cash requirements are on hand, provide an explanation under "Remarks" as to why the drawdown was made prematurely, or other reasons for the excess cash. The requirement for the explanation does not apply to prescheduled or automatic advances.
7.	Enter the voucher number of the last letter-of-credit payment voucher (Form TFS 5805) that was credited to your account.	13a.	Enter the amount of interest in excess of \$100 a year that is earned on advances of Federal funds but not remitted to the Federal agency. If this includes any amount earned and not remitted to the Federal sponsoring agency for over 60 days, explain under "Remarks." Do not report interest earned on advances to States.
11a.	Enter the total amount of Federal cash on hand at the beginning of the reporting period including all of the Federal funds on deposit, imprest funds, and undeposited Treasury checks.	13b.	Enter amount of advance to secondary recipients included in item 11h.
11b.	Enter total amount of Federal funds received through payment vouchers (Form TFS 5805) that were credited to your account during the reporting period.		
11c.	Enter the total amount of all Federal funds received during the reporting period through Treasury checks, whether or not deposited.		
11f.	Enter the total Federal cash disbursements made during the reporting period. Disbursements as used here also include the amount of advances and payments less refunds to subgrantees or contractors, the gross amount of direct salaries and wages, including		

(This form is completed and attached to Standard Form 272 only when reporting more than one grant or assistance agreement.)

1 FEDERAL SPONSORING AGENCY AND ORGANIZATIONAL  
ELEMENT TO WHICH THIS REPORT IS SUBMITTED

ACCOUNTING OFFICE ROOM 317  
National Endowment for the Humanities  
Washington, D.C. 20506

2. RECIPIENT ORGANIZATION (Give name only as shown in item 2 SF 272)

3 PERIOD COVERED BY THIS REPORT - As shown on SF 272

FROM 09/22/74 day, year TO 09/22/74 day, year

4. List information below for each grant or other agreement covered by this report. Use additional forms if more space is required.

5. **Totals** (Should correspond with amounts shown on SF 272 as follows: column (c) the same as line 11h, column (d) the sum of lines 11h and 11i of this SF 272 and cumulative disbursements shown on last report. Attach explanation of any differences.)

<b>FINANCIAL STATUS REPORT</b> <i>(Follow instructions on the back)</i>			<b>1. FEDERAL AGENCY AND ORGANIZATIONAL ELEMENT TO WHICH REPORT IS SUBMITTED</b> <b>NATIONAL ENDOWMENT FOR THE HUMANITIES</b> <small>Grants Office RM 311 (Washington, D.C. 20506)</small>		<b>2. FEDERAL GRANT OR OTHER IDENTIFYING NUMBER</b>		<b>OMB Approved</b> No. 80-R0180	<b>PAGE</b> <b>OF</b>  PAGE 5	
<b>3. RECIPIENT ORGANIZATION</b> <i>(Name and complete address, including ZIP code)</i>			<b>4. EMPLOYER IDENTIFICATION NUMBER</b>		<b>5. RECIPIENT ACCOUNT NUMBER OR IDENTIFYING NUMBER</b>		<b>6. FINAL REPORT</b> <input type="checkbox"/> YES <input type="checkbox"/> NO		
<b>7. PROJECT/GRANT PERIOD</b> <i>(See instructions)</i> FROM (Month, day, year)    TO (Month, day, year)			<b>8. PERIOD COVERED BY THIS REPORT</b> FROM (Month, day, year)    TO (Month, day, year)		<b>9. BASIS</b> <input type="checkbox"/> CASH <input type="checkbox"/> ACCRUAL		<b>10. STATUS OF FUNDS</b>		
<b>PROGRAMS/FUNCTIONS/ACTIVITIES ▶</b>			(a)	(b)	(c)	(d)	(e)	(f)	TOTAL (g)
a. Net outlays previously reported			\$	\$	\$	\$	\$	\$	\$
b. Total outlays this report period									
c. Less: Program income credits									
d. Net outlays this report period <i>(Line b minus line c)</i>									
e. Net outlays to date <i>(Line a plus line d)</i>									
f. Less: Non-Federal share of outlays									
g. Total Federal share of outlays <i>(Line e minus line f)</i>									
h. Total unliquidated obligations <i>Less: Non-Federal share of unliquidated obligations shown on line h</i>									
i. Federal share of unliquidated obligations									
k. Total Federal share of outlays and unliquidated obligations									
l. Total cumulative amount of Federal funds authorized									
m. Unobligated balance of Federal funds									

<b>11. INDIRECT EXPENSE</b>	<b>a. TYPE OF RATE</b> <i>(Place "X" in appropriate box)</i> <input type="checkbox"/> PROVISIONAL <input type="checkbox"/> PREDETERMINED <input type="checkbox"/> FINAL <input type="checkbox"/> FIXED <b>b. RATE</b> <b>c. BASE</b> <b>d. TOTAL AMOUNT</b> <b>e. FEDERAL SHARE</b>	<b>13. CERTIFICATION</b> I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents.	<b>SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL</b>  TYPED OR PRINTED NAME AND TITLE	<b>DATE REPORT SUBMITTED</b>  TELEPHONE (Area code, number and extension)
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**12. REMARKS:** Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.

## INSTRUCTIONS

Please type or print legibly. Items 1, 2, 3, 6, 7, 10d, 10e, 10g, 10i, 10l, 11a, and 12 are self-explanatory; specific instructions for other items are as follows:

Item	Entry	Item	Entry
4	Enter the employer identification number assigned by the U.S. Internal Revenue Service or FICE (institution) code, if required by the Federal sponsoring agency.	10c	Enter the amount of all program income realized in this period that is required by the terms and conditions of the Federal award to be deducted from total project costs. For reports prepared on a cash basis, enter the amount of cash income received during the reporting period. For reports prepared on an accrual basis, enter the amount of income earned since the beginning of the reporting period. When the terms or conditions allow program income to be added to the total award, explain in remarks, the source, amount and disposition of the income.
5	This space is reserved for an account number or other identifying numbers that may be assigned by the recipient.	10f	Enter amount pertaining to the non-Federal share of program outlays included in the amount on line e.
8	Enter the month, day, and year of the beginning and ending of this project period. For formula grants that are not awarded on a project basis, show the grant period.	10h	Enter total amount of unliquidated obligations for this project or program, including unliquidated obligations to subgrantees and contractors. Unliquidated obligations are:  Cash basis—obligations incurred but not paid;  Accrued expenditure basis—obligations incurred but for which an outlay has not been recorded.  Do not include any amounts that have been included on lines a through g. On the final report, line h should have a zero balance.
9	Please note that the beginning date of the report period will differ from the beginning date of the project period except on the initial submission of the Financial Status Report.	10j	Enter the Federal share of unliquidated obligations shown on line h. The amount shown on this line should be the difference between the amounts on lines h and i.
10	This instruction applies only to those projects for which the recipient has been specifically instructed to develop individual budgets for separate programs, functions or activities of an overall project. The purpose of the vertical columns (a) through (l) is to provide financial data for each program, function, and activity in the budget as approved by the Endowment. If additional columns are needed, use as many additional forms as needed and indicate page number in space provided in upper right; however, the totals of all programs, functions, and activities should be shown in column (g) of the first page.	10k	Enter the sum of the amounts shown on lines g and j. If the report is final the report should not contain any unliquidated obligations.
10a	Enter the net outlay. This amount should be the same as the amount reported in Line 10e of the last report. If there has been an adjustment to the amount shown previously, please attach explanation. Show zero if this is the initial report.	10m	Enter the unobligated balance of Federal funds. This amount should be the difference between lines k and l.
10b	Enter the total gross program outlays (less rebates, refunds, and other discounts) for this report period, including disbursements of cash realized as program income. For reports that are prepared on a cash basis, outlays are the sum of actual cash disbursements for goods and services, the amount of indirect expense charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to contractors and subgrantees. For reports prepared on an accrued expenditure basis, outlays are the sum of actual cash disbursements, the amount of indirect expense incurred, the value of in-kind contributions applied, and the net increase (or decrease) in the amounts owed by the recipient for goods and other property received and for services performed by employees, contractors, subgrantees, and other payees.	11b	Enter rate in effect during the reporting period.
		11c	Enter amount of the base to which the rate was applied.
		11d	Enter total amount of indirect cost charged during the report period.
		11e	Enter amount of the Federal share charged during the report period.  If more than one rate was applied during the project period, include a separate schedule showing bases against which the indirect cost rates were applied, the respective indirect rates the month, day, and year the indirect rates were in effect, amounts of indirect expense charged to the project, and the Federal share of indirect expense charged to the project to date.

### IMPORTANT NOTICE

The original and two copies of this report should be mailed to Grants Office, National Endowment for the Humanities, ROOM 310, Washington, D.C. 20506.



## FINAL FINANCIAL STATUS REPORT

This form is an abbreviated version of the standard financial status report prescribed by the Office of Management and Budget (Standard Form 269) and may, at your discretion, be used instead of the OMB form. Questions concerning this form or its completion should be sent to the NEH Grants Office at the address indicated below, or you may call (202) 786-0494.

Within 90 days after the completion date of the grant, the original and two copies of this report should be forwarded to the

**GRANTS OFFICE**  
Room 310  
National Endowment for the Humanities  
1100 Pennsylvania Avenue, N.W.  
Washington, D.C. 20506

<b>GRANTEE ORGANIZATION</b> (Name and complete address, including zip code)	<b>NEH GRANT NUMBER</b> _ _ - _ _ _ - _ _
	<b>GRANT PERIOD/PERIOD COVERED BY REPORT</b> (this report should be cumulative for the entire grant period)
	<b>FROM</b> _____ <b>TO</b> _____ (month/year)                      (month/year)
	<b>OPTIONAL:</b> Your account or other identifying number

### STATUS OF FUNDS

1. TOTAL PROJECT EXPENDITURES
2. LESS: COST SHARING OR NONFEDERAL SHARE OF OUTLAYS  
(Include expenditures covered by cash and noncash (in-kind) contributions from your organization and/or third parties and any gifts certified to obtain NEH matching funds)
3. TOTAL EXPENDITURES CHARGED TO NEH  
(Item 1 minus Item 2)
4. TOTAL AMOUNT OF NEH AWARD
5. AMOUNT OF NEH AWARD UNEXPENDED  
(Item 4 minus Item 3)

1	\$	_____
2	\$	_____
3	\$	_____
4	\$	_____
5	\$	_____

**REMINDER:** Any unexpended grant payments must be returned to NEH. A refund check referencing the NEH grant number and made payable to "National Endowment for the Humanities" should be attached to this form. (Grantees on a letter of credit payment basis have the option of offsetting the unexpended payment against their next drawdown with an explanation on Form NEH 1023).

### INDIRECT COST INFORMATION

The amount charged for indirect costs should be included in the total expenditure amounts above. Please itemize the charges for indirect costs in the space below. Use an additional sheet of paper if necessary.

PERIOD RATE IN EFFECT (from/to)	RATE (%)	BASE (\$)	TOTAL AMOUNT (\$)	FEDERAL SHARE (\$)
TOTALS				

I certify that to the best of my knowledge this report is correct and complete, that there are no outstanding unpaid commitments of federal funds, and that all expenditures are for the purposes set forth in the award documents.

SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

PRINTED NAME & TITLE \_\_\_\_\_

TELEPHONE \_\_\_\_\_  
(include area code)



## Performance Reporting Requirements

### GENERAL REPORTING REQUIREMENTS

Those who direct Endowment-funded projects are required to submit a report of project accomplishments at the conclusion of the grant. Frequently, performance reports are also required during the course of a project. When events that have a significant impact on the project occur between scheduled performance reporting dates, these should be reported to the Endowment immediately.

If a grantee is required to submit interim performance reports, the due dates for these reports will be listed on the last page of the award document. The final performance report is due within ninety days after the end of the grant period.\*

Two copies of each report should be submitted through the institutional grant administrator of the grantee organization (if applicable) and forwarded to the

Grants Office, Room 310  
National Endowment for the Humanities  
1100 Pennsylvania Avenue, N.W.  
Washington, D.C. 20506

### PURPOSE OF REPORTS

*Interim performance reports* serve as a measure of progress achieved on a project and help to identify programmatic and administrative problems that may need to be resolved. *Final performance reports* become a permanent record of project accomplishments. These reports provide information that the Endowment staff uses to construct descriptive and statistical profiles of programs and grant categories that are used in responding to inquiries regarding the significance and impact of Endowment grants. Most importantly, the reports help us to determine how well the NEH program addresses particular issues in the humanities and, more immediately, to evaluate and improve our review process.

### FORMAT OF REPORTS

Performance reports should be arranged as follows:

1. Cover Page
2. Narrative Description

\*When a grantee has submitted an application for a continuation of a project, the appropriate Endowment program should be contacted to determine if the application may serve as a final report of accomplishment for the earlier grant.

3. Consultant Report (when required as a condition of a grant)
4. Appendices (as needed)

### COVER PAGE

Provide the following information in the order requested:

- type of report (interim or final performance report),
- grant number,
- title of project,
- name of project director(s),
- name of grantee institution (if applicable),
- date report is submitted.

### NARRATIVE DESCRIPTION

The items listed below are provided as guidance to the project director in developing the narrative description of project activities. Because projects vary considerably, not all items will be relevant to a particular project. Please feel free to organize this portion of the report in the way that most clearly presents what has taken place during the grant period.

#### Interim Performance Reports

- Compare actual accomplishments with goals established for the report period. Whenever possible, describe the work accomplished in both quantitative and qualitative terms. If project goals have not been met, explain the reason for this, what steps have been taken to get the project back on schedule and whether it seems likely that the project will be completed by the expiration date of the grant. Favorable developments that will enable project goals to be realized sooner or at less cost than anticipated should be described.
- Describe any changes that have been made or are anticipated in the project work plan or methodology.
- If the role of consultants, as outlined in the approved project plan, has changed, explain how and why it has changed.
- If applicable, describe how automation contributes to the project and whether hardware, software, or staffing problems have been encountered.

- If federal matching funds are a component of the award and the full amount of gifts has not yet been raised, provide information on ongoing fund-raising activities and the prospects for raising additional gifts.

**The narrative description of an interim performance report should average between one and three pages in length.**

#### **Final Performance Report**

- Using the project description and plan of work that were approved by the Endowment as a point of departure,
  1. provide a description of the major activities that occurred during the grant period;
  2. compare the accomplishments of the project in quantitative and qualitative terms with the objectives proposed in the application;
  3. indicate the reasons for omissions and changes in project activities whenever a planned activity did not occur, the scope of an activity was curtailed or expanded, or a new activity was added to the project;
  4. if project performance was affected by changes in key project personnel, explain why the changes were made and how performance was affected;
  5. when project goals were not achieved, indicate what plans there are to continue the project after the grant period, how project activities will be funded, and when they are likely to be completed.
- Indicate if there are any plans to continue the project after the grant period because of the success of the program and the interest it has generated.
- When there was a commitment on the part of the grantee institution to continue a program after the grant period, explain how the commitment will be honored. If the program will not be continued, provide a detailed explanation for the change in plans.
- When an evaluation of the project has been performed, briefly describe how the evaluation was performed and by whom. Describe the results of the evaluation and your own assessment of the program. Discuss both the weaknesses and the strengths of the program. A discussion that includes how problems were dealt with will be more helpful to Endowment staff than one that focuses exclusively on the project's successes.
- When project activities have been addressed to an audience, indicate the nature and size of the audience and assess the impact that the project had on this audience. It is particularly important to compile quantitative information for this section of the report. In the case of grants whose purpose was to affect a number of other institutions, include in the report a complete list of participants and appropriate statis-

tical profiles that show the impact of the project by geographical region (if possible), kind of institution, and level and type of participant.

- For projects involving computer application, describe any changes that were made in the method of data entry, the specific data to be encoded, software, hardware, file systems, or search strategies.
- Indicate what grant products were available during the course of the project and any future publication plans for materials resulting from grant activities.
- Briefly describe any efforts that were made to publicize the results of the program.
- When federal matching funds were a component of the award, summarize fund-raising experiences and the major factors believed to be responsible for success or failure in raising third-party support.

**Normally, the information that is to be included in a final narrative description can adequately be covered in a report that does not exceed ten typewritten pages.**

#### **CONSULTANT REPORT**

As a condition of a grant, the Endowment may require the submission of a consultant's report during the course of the project or at its conclusion. This report should include details on the consultant's project-related activities and an evaluation of his or her role in the development of the project. Two copies of the consultant's report should be submitted with the project director's interim or final performance report.

#### **APPENDICES**

Enclose with the report any supporting material that would contribute to an understanding of the project and its accomplishments to date. This would include:

- representative samples of completed work,
- preliminary products such as conference or workshop papers,
- course syllabi and manuals,
- written evaluations of a project,
- articles submitted to journals,
- illustrated field reports,
- copies of published announcements or other formal efforts to recruit participating scholars,
- copies of any mailings, fliers, newspaper releases or articles, or other media coverage.

It is not necessary to append work in progress, such as draft chapters of a book or other manuscript material. However, unless otherwise specified in the conditions of the grant award, two copies of any publication and one copy of any film, videotape, or slide presentation resulting from the grant should be forwarded to the appropriate Endowment program once it becomes available.



SAMPLE

"Letter of Credit" Signature Card

<b>Standard Form 1194</b> 1. TFRM 6-2000 Fiscal Service Bureau of Accounts	<b>AUTHORIZED SIGNATURE CARD FOR PAYMENT VOUCHERS ON LETTER OF CREDIT</b>	Letter of Credit Number
		Federal Reserve Bank
Letter of Credit Issued in Favor of <i>(Recipient)</i>	Issued by <i>(Federal Agency)</i>	
SIGNATURES OF INDIVIDUALS AUTHORIZED TO DRAW ON THE CITED LETTER OF CREDIT		<input type="checkbox"/> ONLY ONE SIGNATURE REQUIRED ON PAYMENT VOUCHERS or <input type="checkbox"/> ANY TWO SIGNATURES REQUIRED TO SIGN OR COUNTERSIGN
Typed Name and Signature	Typed Name and Signature	
Typed Name and Signature	Typed Name and Signature	
I CERTIFY THAT THE SIGNATURES ABOVE ARE OF THE INDIVIDUALS AUTHORIZED TO DRAW PAYMENT VOUCHERS FOR THE CITED LETTER OF CREDIT.  _____ DATE AND SIGNATURE OF AUTHORIZING OFFICIAL <i>(Recipient)</i>		APPROVED:  _____ DATE AND SIGNATURE OF AGENCY CERTIFYING OFFICER