

NATIONAL ENDOWMENT FOR THE
HUMANITIES



CHALLENGE G R A N T S

OFFICE OF CHALLENGE GRANTS

Application Deadline:
May 1, 1995

Office of Challenge Grants
National Endowment for the Humanities
1100 Pennsylvania Ave., N.W., Room 429
Washington, D.C. 20506
202/606-8309

(NEH will not accept applications sent via FAX machine or electronic mail.)

CHALLENGE GRANTS TIMETABLE

December 1, Previous Year	Date from which advance fund-raising may occur
March 1, This Year	Date by which applicants desiring NEH staff comment should send draft proposals
April 15, This Year	Date by which Endowment should receive applicants' letters of intent
May 1, This Year	Postmark deadline for sending formal applications to the Endowment
November This Year	National Council on the Humanities meets to review applications
December 1, This Year	Notification of awards; upon receipt of certification, beginning of release of federal funds
July 31, Next Year	Date by which grant recipients must complete certification of the matching gifts required to claim the first year's installment of federal funds and file the first annual report

APPLICATION CHECKLIST

- _____ 1. Ten copies of the application package, each copy including, in this order,
- _____ a) the NEH Application Cover Sheet (original signed by authorizing official);
- _____ b) a table of contents;
- _____ c) the challenge grant budget*;
- _____ d) one-page institutional fact summary*;
- _____ e) the financial summary*;
- _____ f) one-page abstract*;
- _____ g) the proposal narrative (not to exceed thirty double-spaced pages);
- _____ h) a copy of the current operating budget;
- _____ i) the project director's résumé;
- _____ j) lists of trustees and staff; and
- _____ k) other appendices.
- _____ 2. Single sets of audited financial statements, including opinion and notes, for each of the two most recently completed fiscal years.
- _____ 3. One copy of the Internal Revenue Service determination letter establishing the institution's or organization's nonprofit status.
- _____ 4. Two additional copies of the NEH Application Cover Sheet.
- _____ 5. One additional copy of the challenge grant budget.

* May be single-spaced.

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GENERAL INFORMATION

The National Endowment for the Humanities

“Democracy demands wisdom and vision in its citizens” —National Foundation on the Arts and the Humanities Act of 1965

In order “to promote progress and scholarship in the humanities and the arts in the United States,” Congress enacted the National Foundation on the Arts and the Humanities Act of 1965. This act established the National Endowment for the Humanities as an independent grant-making agency of the federal government to support research, education, and public programs in the humanities. Grants are made through the Office of Federal/State Partnership, four divisions—Education Programs, Preservation and Access, Public Programs, and Research Programs—and the Office of Challenge Grants.

The Humanities

The act that established the National Endowment for the Humanities says, “The term ‘humanities’ includes, but is not limited to, the study of the following: language, both modern and classical; linguistics; literature; history; jurisprudence; philosophy; archaeology; comparative religion; ethics; the history, criticism, and theory of the arts; those aspects of social sciences which have humanistic content and employ humanistic methods; and the study and application of the humanities to the human environment with particular attention to reflecting our diverse heritage, traditions, and history and to the relevance of the humanities to the current conditions of national life.”

Work in the creative or performing arts—such as the writing of fiction or poetry, painting, sculpting, composing or performing music, acting, directing, and dance—is not eligible for support by the National Endowment for the Humanities. Persons interested in support in these areas should write or call the National Endowment for the Arts. Critical, historical, and theoretical studies of the arts, however, are eligible for NEH support.

Presidential Directives

The National Endowment for the Humanities participates in two government-wide Presidential Directives. Executive Order 12876 was promulgated in order to

help strengthen and ensure the long-term viability of the nation’s Historically Black Colleges and Universities, and Executive Order 12900 was issued by the White House on behalf of educational excellence for Hispanic Americans. The NEH encourages applications that respond to these Presidential Directives.

I. GUIDELINES

The Challenge Grants Program

Since 1977, more than \$1 billion in nonfederal matching gifts—most of them from individual citizens—have been applied to support long-term needs in the humanities through the NEH Challenge Grants Program. Recipients of challenge grants must raise, from nonfederal donors, three or four times the amount of federal funds offered. More than one thousand awards have been made to museums, public libraries, colleges, historical societies, public television and radio stations, universities, scholarly associations, and other nonprofit entities to assist them in improving program quality and financial stability. Many have been able, through these awards, to shift programs from dependence on term-funding to guaranteed support from endowment, and many more have been able to endow positions for additional staff in the humanities and to build new resources for financial support through increased attendance, membership, and enrollment. The building can be literal, too, since this category can help with construction and renovation projects; and many enlarged libraries and new museums around the country owe their existence, in part, to this program.

All funds in these awards, both federal and nonfederal, are used to provide long-term benefits to the humanities. The costs of buildings, library materials, items in collections, and equipment may be supported by these grants, or the funds may be invested in institutional endowments so that the annual revenue supports perennial needs—staff salaries, fees for consultants and visitors, increased acquisitions. It follows from this that the program expects applicants to engage in long-range planning, both for the raising of the necessary funds and for their uses in the future.

Grants assist institutions in developing sources of support for humanities programs. The recipient of a challenge grant must raise, from nonfederal donors, three times the amount of federal funds offered for a first award. Recipients of subsequent challenge grant awards will be required to raise four times the amount offered.

Institutions are permitted to hold only one NEH challenge grant at a time, but they are allowed to receive successive challenge grants. There is a waiting period between awards, however: institutions are eligible to apply for subsequent NEH challenge grants beginning in the fourth fiscal year after their most recent NEH challenge grant has been closed out. For example, if a grant is closed within the Endowment's Fiscal Year 1995 (i.e., October 1, 1994 through September 30, 1995), the earliest date for submission of a subsequent grant application would be the deadline within Fiscal Year 1999 (May 1 if the current annual deadline is maintained). However, institutions that received a first challenge grant prior to 1995, and that concluded the grant and filed the final narrative and financial reports with NEH after 1991, may apply at the next deadline for a second challenge grant.

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

Examples of Awards

A grant of \$100,000, plus \$300,000 in nonfederal funds for a total of \$400,000, was awarded to Southwest Texas State University, in San Marcos, Texas, to support improvement in the teaching of introductory and survey courses in the humanities by endowing a distinguished teaching professorship. The university certifies more elementary and secondary school teachers each year than any other institution in Texas. The teaching professorship will be the university's first endowed chair in the humanities and will be awarded on a competitive basis to a member of the humanities faculty for a term of three years. Endowment revenue will provide the chairholder with both time and financial support to conduct a project designed by the incumbent to strengthen undergraduate teaching in the humanities.

A grant of \$285,000, plus \$855,000 in nonfederal funds for a total of \$1,140,000, was awarded to the Crow Canyon Archaeological Center in Colorado. This center is dedicated to education and research on the Anasazi, a prehistoric, agricultural Pueblo Indian people inhabiting the Southwest. The center's activities include archaeological fieldwork, scholarly research, educational programs for adult and student audiences, summer workshops for secondary school students, and workshops for teachers to train them in

the development of archaeological curricula, teaching materials, and methods for their classrooms. The center involves the region's Native Americans in its programs, both as participants and as educators. The grant will establish an endowment, and its income will enable the center to hire additional staff to expand the educational programs.

A second challenge grant of \$600,000, plus \$2,400,000 in nonfederal funds for a total of \$3 million, was awarded to Hope College, in Michigan, to support the development of library acquisitions in the humanities and of staffing by immediate expenditure of \$145,000 and the investment of the balance of grant funds (\$2,855,000) in endowment. The library is a new building completed in 1988. The grant will add \$80,000 annually to humanities acquisitions, approximately doubling the amount currently available for that purpose.

A challenge grant to the Amana Heritage Society in Amana, Iowa, of \$37,500 is being matched with \$112,500 in nonfederal funds for a total of \$150,000. The grant supports the endowment of acquisitions, conservation, and part-time staff for collections research and humanities programming. Despite limited acquisition funds, the society has an extensive collection of artifacts related to the nineteenth-century utopian society of Amana; current membership fees and other income cannot support specific conservation needs and general collection maintenance. The challenge grant will allow the society to purchase needed conservation supplies and pay for some professional conservation services. Part-time personnel will assist in curation and in researching new exhibits, themes, and programming.

At the Seattle Art Museum, Seattle, Washington, a second challenge grant of \$640,000 matched by \$2,560,000 in nonfederal funds will produce a total of \$3.2 million. Of this total, \$1,950,000 will create an endowment to support expansion of humanities programs and publications and a new education department staff position to handle the increased activity. The balance of \$1,250,000 will be used toward the cost of constructing a museum library.

An award of \$285,000 to be matched by \$855,000 in nonfederal funds for a total of \$1,140,000 was made to Johnson C. Smith University, in Charlotte, North Carolina, to support the construction of the Center for Integrated Humanities Studies (\$420,000) and the endowment of the new center's programs (\$720,000). Annual revenue on the endowment at five percent will be \$36,000, which will be expended on library acquisitions, visiting scholars, faculty development, and part-time clerical staff.

Eligible Applicants

With the exception of elementary and secondary schools, any U.S. nonprofit institution or organization working wholly or in part within the humanities may apply for a challenge grant. Satellite or affiliated institutions (e.g., university museums) should seek the counsel of NEH staff on questions of separate eligibility. Teaching, public programming, and scholarly research in the humanities are allowable in this program.

Uses of Grant Funds

In general, grant funds are used to provide long-term support of the humanities. Outright expenditure is therefore allowable when the item purchased has innate longevity; for example, materials which enhance or develop library or museum collections, orientation exhibits, construction or renovation of buildings, equipment, fund-raising costs (no more than twenty percent of total grant funds), retirement of debt, and conservation of collections. Grant funds may also be used for bridging support, where the plan provides for endowment of the expense at a future date. For example, if a college needs an instructor in Arabic language and literature, the challenge grant budget could allow for that salary to be paid out of grant funds for the first three years while the endowment fund is building to a level that ensures permanent support for the new faculty position.

Funds may be invested in an endowment that produces income to support such diverse humanities programs and activities as faculty development, cataloging collections, fellowships, lecture series, visiting scholars, publishing subventions, hiring consultants, maintenance of facilities, endowed positions, acquisitions, and preservation/conservation programs.

Ineligible Uses of Grant Funds

Expenditures **not** eligible for funding are:

- direct subsidies for general operations,
- funds for awards or stipends to undergraduates,
- and
- support for short-term projects eligible for grants from other NEH programs.

Particular Encouragement

The NEH encourages applications from Historically Black Colleges and Universities, Hispanic-serving institutions, and tribal colleges as part of the agency's initiative to support the humanities at those institutions. NEH also welcomes all eligible institutions to submit applications that seek to build endowment in order to recognize and reward outstanding teaching at any level and applications proposing to improve the quality of teaching and learning of the humanities in elementary and secondary schools. Also encouraged are applications that promise improvement in the teaching and learning of foreign languages, literatures, and cultures, and applications that incorporate the use of new technologies. Finally, the NEH invites museums, libraries, and historical organizations to make use of the program to endow positions and fellowships for scholars to undertake research on collections, participate in public programs, and offer counsel on humanities activities and exhibits.

A list of all recent awards in the program is available on request. Readers of the NEH periodical *Humanities* will find these awards in at least two issues of this bimonthly magazine every year. In addition, awards are listed in every NEH annual report.

NEH/NEA Challenge Grants

Some institutions (for example, museums) are eligible for challenge grants from both the National Endowment for the Humanities and the National Endowment for the Arts. It is possible for an institution to meet challenges from both agencies concurrently or sequentially. Before offering a challenge grant to an institution currently in receipt of a challenge grant from the Arts Endowment, NEH would determine that (a) there is no duplication of activities supported by the two proposals, and (b) the proposals provide convincing evidence that the institution is capable of raising the matching funds to meet both offers in a timely way. It is important, therefore, that applications to NEH from institutions currently meeting the challenge of a National Endowment for the Arts award or anticipating such an award address both these criteria satisfactorily. If the applications are submitted simultaneously to both agencies, addressing these criteria is equally important. Applicants concerned about the interpretation of this policy should consult with the NEH or NEA staff.

Special Endowment Initiative

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 initiative:

A National Conversation on American Pluralism and Identity

"All of our people--left, right, and center--have a responsibility to examine and discuss what unites us as a country, what we share as common American values in a nation comprised of so many divergent groups and beliefs. For too long, we have let what divides us capture the headlines and sound bites, polarizing us rather than bringing us together....This is to be a national conversation open to all Americans, a conversation in which all voices need to be heard and in which we must grapple seriously with the meaning of American pluralism."

-- Sheldon Hackney, Chairman
National Endowment for
the Humanities

In order to expand, inform, and enrich this national conversation, the Endowment invites proposals that address any of the complex topics and themes related to pluralism in America. The Endowment is particularly interested in how people--differentiated by ethnicity, race, or culture--have interacted within the framework of our national society (or, for comparative purposes, in other pluralistic societies) and what commonalities may have emerged as shared American values.

The goal of this initiative is to support humanities projects that will place questions about American pluralism and identity in historical and critical perspective, thus animating the national conversation on our shared values and differences and illuminating the evolving ideal suggested by our nation's motto, *E Pluribus Unum*. (As noted above, the focus of this initiative is on ethnic, racial, and cultural differences although other important differentiating and unifying factors such as class, gender, religion, or region may be interwoven where appropriate.)

Applications responding to this Endowment initiative should be submitted to regular Endowment programs and will be judged according to the criteria stated for those programs.

For examples of projects under this special initiative, please write to

NEH Public Information Office
Room 402
1100 Pennsylvania Avenue, N.W.
Washington, D.C. 20506

Equal Opportunity Statement

Endowment programs do not discriminate on the basis of race, color, national origin, sex, disability, or age. For further information, write to the Equal Opportunity Officer, National Endowment for the Humanities, 1100 Pennsylvania Avenue, N.W., Washington, D.C. 20506. TDD: 202/606-8282 (this is a special Telephone Device for the Deaf).

Compliance with Other Federal Laws

Applicants should be aware that a number of other federal laws and regulations apply to Endowment-supported projects. Depending on the project, these may include compliance with

- o the NEH Code of Ethics governing research, publication, and public programming in projects related to American Indian, Aleut, Eskimo, or native Hawaiian peoples;
- o Department of Labor minimum compensation requirements; and
- o a Congressional preference for the purchase of American-made equipment and products.

Other requirements may apply, and applicants are encouraged to consult with Endowment officers early in the application process.

II. APPLICATION PREPARATION AND REVIEW

Initial Planning

The first step in preparing an application to this program is to make long-term plans for the development of the humanities. In this process, applicants

should address major questions of function and mission, such as these:

What are the applicant institution's strengths and weaknesses in the humanities?

How do the proposed uses of challenge funds relate to the long-range institutional goals for the humanities?

Is there a plan to change emphasis or focus, and do these changes suggest new needs?

Which needs are of the greatest long-term importance?

Which are most clearly connected to the humanities?

Which present the greatest fund-raising challenges, and so might benefit most from the leverage of a matching grant?

What aspects of humanities programming (existing and proposed) do potential donors find especially attractive?

A successful application will describe clearly how the study of the humanities will be enhanced by the benefits of the challenge grant, and therefore should include detailed plans projected at least ten years into the future. It is essential that those persons concerned with the implementation of these plans (that is, both those raising the funds and those who will be directly responsible for the implementation of the projected humanities programs) be fully involved in the planning from the outset.

Abstract

Briefly summarize the proposal narrative (see below), including the activities that will be supported by the challenge grant and the plans for raising matching funds. This summary may be typed single-spaced and should not exceed one page.

The Proposal Narrative

This is the most demanding and individual part of the application. The information presented in these guidelines is necessarily general due to the range of activities and resources challenge grants may support at different kinds of organizations or institutions. For this reason and because successful applications evolve

from extensive long-range planning, applicants are encouraged to discuss at an early stage possible ideas for proposals with Endowment staff. Samples of funded applications are available upon request and may be helpful demonstrations of the scope and depth of information needed in a successful proposal.

The narrative should be double-spaced and single-sided. It should describe fully the state of humanities programs at the institution and depict how the proposed plan of expenditure would improve these programs or resources. The initial description should outline particular strengths and clarify deficiencies, weaknesses, and problems that the proposal is designed to remedy. Instances of actual and proposed courses, programs, or research agenda should be offered and participants identified. The application should provide a convincing picture of the degree of improvement anticipated in order to meet the criterion of significance. Having more money invested in endowments or more spacious or modern facilities does not necessarily improve the teaching and learning of the humanities, nor do institutions merit awards simply because of past or current work in the humanities.

The case for the proposed improvement in the humanities should be developed by staff in the humanities, who are likely to have a keen sense of the priority of needs in the humanities and whose willing involvement may be needed for successful implementation of the proposed plan. Where staff expertise in the humanities is lacking, it will be necessary to bring in appropriately qualified advisors to assess the situation and make recommendations. In such cases, however, the plan that results should incorporate provisions for the engagement of staff with the qualifications in the humanities needed to implement the program in the long term.

Proposals should develop previously tested and piloted programs. Challenge grants are rarely used to support experimentation or dramatic innovation. Such projects usually make better candidates for term grants. Where the proposal would supplement existing resources, recent levels of support should be described and an analysis provided of the increase needed to secure the desired improvements.

Successful proposals are usually the result of careful collaboration by humanities scholars, administrators, fund-raisers, and governing boards in the development of institutional planning. The proposal should also present an overview of the organization's financial situation, the context of the requested grant within the larger capital campaign (where appropriate), and the specific strategy for raising the matching funds.

The narrative should not exceed thirty pages and must contain the critical information. Statistical and other supporting materials should be relegated to appendices. Single copies of printed brochures, catalogs, or other descriptive materials may be included in the application package and referred to in the text of the narrative.

Applications for a second or subsequent challenge grant should include a description of the experience of the earlier award(s). This information should include a brief history of the fund-raising experience and an update on the continuing benefits to humanities programs conferred by the challenge grant. The use of all grant funds (i.e., both the federal and the nonfederal funds) should be described in detail. If an endowment fund was involved, the current estimated value of the fund should be included along with a description of the uses to which expended revenues from that restricted fund have been applied over the last three years.

The proposal must describe recent NEH or state humanities council grants to the institution and any pending NEH applications, especially those related to the challenge grant proposal.

If the applicant has held an NEA challenge grant, there should be a brief description of work accomplished with that grant. If the applicant has applied for or has received a Department of Education Title III grant for Developing Institutions, the differences between the Title III grant and the NEH challenge request must be explained.

Evaluation Criteria

The criteria used to evaluate applications should be closely observed by those preparing applications. Applications should address all these standards:

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

Table of Contents

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

Challenge Grant Budget

After the table of contents, please provide a clearly itemized one-page summary budget describing how all challenge grant funds—federal and nonfederal—would be expended. There is no need to distinguish between federal and nonfederal funds in this budget. Where the challenge grant is a part of a larger capital campaign, the budget for that campaign should be offered separately. The challenge grant budget should be limited to requested NEH funds and the minimum required nonfederal funds. Where funds will be invested, the budget should offer a breakdown by major categories showing how anticipated annual revenues will be spent once the endowment is fully established. The following example is for a challenge grant of \$2 million (first-time, three to one ratio).

Sample Challenge Grant Budget

Endowment	1,250,000
Building renovation	<u>750,000</u>
TOTAL GRANT FUNDS	
(NEH plus Match)	\$2,000,000
 Annual expendable endowment income (5 percent)	 62,500
 Acquisitions	 (12,500)
Additional staff	(50,000)

If the grant is to be used to establish or augment endowment funds, a portion of the annual earnings

should be returned to the principal to protect the value of the endowment. Please include an explanation of the institution's endowment management policy on this issue.

Institutional Fact Summary

Following the challenge grant budget should be a summary in outline form of relevant facts and statistics about the institution or organization. This summary may be single-spaced but **should not exceed one page in length**. In addition to a statement identifying the institution or organization, the year established or founded, and the type of institution, the following kinds of information may be relevant to the proposal:

For Museums and Historical Organizations

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

For Colleges and Universities

- o Enrollment figures (full- and part-time)
- o Current tuition and fees
- o Admissions statistics for past three years
- o Number of faculty (full- and part-time)
- o Number of faculty in humanities (full- and part-time)
- o Percentage of humanities faculty with doctoral degrees
- o Distribution of humanities faculty by rank
- o Types and numbers of degrees awarded in last two years
- o B.A. degrees with humanities major in last two years
- o Accreditation

- o Library (number of volumes; percentage of collections in humanities)
- o Faculty salary range and mean salary by faculty rank
- o Percentage of courses in the humanities
- o Enrollment in humanities courses

For Public Libraries

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

For Nonprofit Media Stations and Organizations

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

For Professional Organizations and Societies

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

Financial Summary

Following the institutional fact summary sheet should be a one- or two-page summary of the institution's or organization's finances. Where the proposal concerns only a sub-unit of a larger whole (e.g., a library on a university campus), the application should include summaries for both the larger and smaller units. Please consult with the NEH staff if you have questions about this. The summary should give a clear indication of the financial health of the institution during the last three years. The format suggested on the next page should be followed as closely as possible. The information should pertain to annual operating budgets, exclusive of capital campaign or other special income and exclusive of capital project expenditures. Figures should be compatible with figures cited in the text of the proposal and with the accompanying audits. Significant operating surpluses or deficits should be explained. If applicable, the financial summary should include an addendum listing sources and amounts of gifts for capital projects and endowments, broken down by types of donors, during the same three fiscal years.

FINANCIAL SUMMARY SHEET

	<u>Year</u> <u>Before Last</u>	<u>Last Year</u>	<u>This Year</u> <u>(Est.)</u>
CURRENT OPERATING INCOME:			
Contributed			
Trustees/Individuals			
Groups			
Corporations			
Private Foundations			
Local/State Government			
Federal (Non-NEH)			
NEH Program Support			
Other (Explain)			
Investment			
Interest			
Dividends			
Endowment			
Other (Explain)			
Earned			
Admissions/Tuition and Fees			
Sales and Subscriptions			
Memberships			
Sales of Capital Assets			
Other (Explain)			
TOTAL OPERATING INCOME:			
CURRENT OPERATING EXPENDITURES:			
Administration			
Programs			
Maintenance and Operations			
Other (Explain)			
TOTAL OPERATING EXPENDITURES:			
EXCESS (DEFICIT) FOR YEAR:			
CURRENT FUND BALANCES:			
HUMANITIES EXPENDITURES: (Estimate percentage of operating expenditures attributable to the humanities and explain basis for estimate in a footnote or refer to explanation in the narrative.)			
ENDOWMENT:			
Market Value			
Total Current Yield (percent)			
Yield Expended (percent)			
OTHER ASSETS —Replacement Value of Plant and Equipment, Other (Explain).			

Current Operating Budget

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

Lists of Trustees and Staff

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

Most Recent Audited Financial Statements

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

Résumé of Project Director

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

Letter from the State Historic Preservation Office

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

The opinion of the preservation officer about whether or not the property is eligible for listing in the

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

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

The IRS Determination Letter

Nonprofit organizations or institutions holding letters from the U.S. Internal Revenue Service declaring the institution or organization exempt from certain types of taxes should include that letter with the application package.

Common Pitfalls

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

- o The application does not propose convincing solutions for the humanities problems described.
- o The plans for humanities programs are not sufficiently developed for an assessment of their quality to be made.
- o It is unclear how the new building/renovated space will facilitate stronger humanities programs.
- o The programs described do not include the participation of appropriately qualified humanities personnel.
- o Challenge grant funds will not benefit humanities programs exclusively or substantially.

-
- o The application confuses the humanities with the fine and performing arts or with current affairs programming.
 - o The proposal contains insufficient information about the substance, rigor, and standards of humanities programs.
 - o The fund-raising plan is not persuasive or adequately detailed regarding the fund-raising capability and the feasibility of the effort.
 - o For an application for a second or subsequent award, no compelling case is made for a further award based on the experience of the previous award(s).
 - o The plans for humanities programs are limited in duration and, therefore, are more suitable for term grants than for long-term support.

Grant Amounts

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

Release of Funds

Challenge grants are offered over a maximum of three years of federal funding, but the raising of matching funds requires a longer period. Each year's allocation will be released on a one-to-one basis, but the next year's allocation will not be released until the required match for the preceding year has been completed. In example number one below, if a grantee initially certifies \$30,000 in matching funds in the first year, \$30,000 in NEH funds will be released. Federal dollars will continue to be released on a one-to-one basis until the full amount obligated for the year (\$100,000) has been released. At that point, the

grantee effectively 'owes' NEH the remainder of the three-to-one match (\$200,000), and this money must be certified before any funds from the second year can be released. Thus in the first year, the grantee must certify a minimum of \$100,000 to release the federal allocation. In the second year, the grantee must certify \$200,000 to complete the match for the money already released, if these funds have not yet been certified, and another \$100,000 to release the federal funds for the second year, for a total of \$300,000. This pattern is repeated in the third year, releasing the final installment of federal money. The fourth year is used by the grantee to complete the matching requirement for the federal funds already released in year three.

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

Example One: Funding pattern for a first-time \$300,000/three-year challenge grant: three to one match for a total of \$1.2 million. In thousands of dollars.

Nonfederal	\$100	\$300	\$300	\$200	=	\$ 900
NEH	100	100	100	0	=	300
TOTALS	200	400	400	200	=	1,200

Example Two: Funding pattern for a second-time \$400,000/three-year challenge grant: four to one match for a total of \$2 million. In thousands of dollars.

Nonfederal	\$150	\$625	\$600	\$225	=	\$1,600
NEH	150	175	75	0	=	400
TOTALS	300	800	675	225	=	2,000

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

The Review Process

Each application is assessed by knowledgeable persons outside the Endowment who are asked for their judgments about the quality and significance of the proposed project. About 1,200 scholars, professionals in the humanities, and other experts serve on approximately 250 panels throughout the course of a year. Panelists represent a diversity of disciplinary, institutional, regional, and cultural backgrounds. In some programs the judgment of panelists is supplemented by individual reviews solicited from specialists who have extensive knowledge of the specific subject area or technical aspects of the application under review.

The advice of the panels and outside reviewers is assembled by the staff of the Endowment, who comment on matters of fact or on significant issues that would otherwise be missing from the review. These materials are then presented to the National Council on the Humanities, a board of twenty-six citizens nominated by the President of the United States and confirmed by the Senate. The National Council meets three times a year to advise the Chairman of the Endowment. The Chairman, who is appointed for a four-year term by the President with the consent of the Senate, takes into account the advice provided by this review process and, by law, makes the final decision about funding.

What Help Is Available?

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

Potential applicants are strongly encouraged to discuss their plans with Endowment staff and to submit a draft application for review. This preliminary review is not part of the official review process. Applicants are welcome to submit one copy of a draft application (the narrative, budget, and a list of the appendices) approximately two months before the deadline, so that staff may offer comment and counsel by telephone or letter and render travel to Washington, D.C., unnecessary. In cases where no draft has been submitted, we recommend that applicants send a letter informing staff of their intention to apply and indicating the nature of

the request and the amount of NEH funds that will be requested. This letter of intent should be received at least two weeks before the deadline. It enables staff to make an accurate estimate of the number and type of applications anticipated--information that is necessary for the timely recruitment of suitable panelists. The deadline is the last date on which the application may be mailed by regular parcel post and accepted for review in that cycle. **Once the Endowment has received a formal application at the deadline, the staff will not comment about the status, quality, or prospects of an application, except to settle questions about completeness or eligibility, until the final decision has been made.**

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

Application Format

The application should be typewritten and should include all of the items listed on the **Application Checklist** that is printed on the inside front cover of these guidelines. The challenge grant budget (checklist item 1c), the institutional fact summary (item 1d), the financial summary (item 1e), and the abstract (item 1f) may be single-spaced and each should be limited to one page. The proposal narrative (item 1g) should be **double-spaced on one side of a page only**, with each page sequentially numbered.

Because applications are mailed to panelists soon after their receipt at the Endowment, applicants should not use covers, laminated notebooks, or other methods of binding that add unnecessary weight to these documents.

NEH Application Cover Sheet

Instructions for completing the cover sheet are on the following pages. The cover sheet identifies personnel responsible for administering the potential challenge grant, the amounts requested, the summary of proposed uses, and the kind of institution or organization applying. The three persons named on the cover sheet are the only persons to whom staff may send information about the review process after the Chairman's decision has been announced. The cover sheet should be the first page of the original and each copy of the application. No cover letter is necessary.

National Endowment for the Humanities
Washington, D.C.

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; review and discussion by peer review advisory panels and, in some programs, evaluation by specialist reviewers, Endowment staff, and members of the National Council on the Humanities; 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 Instructions

The Office of Management and Budget requires federal agencies to supply information on the time needed to complete forms and also to invite comments on the paperwork burden. NEH estimates the average time to complete this application is fifty hours per response. This estimate includes 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 Director of the Office of Publications and Public Affairs, National Endowment for the Humanities, Washington, D.C. 20506; and to the Office of Management and Budget, Paperwork Reduction Project (3136-0134), Washington, D.C. 20503.

Block 1—Project Director

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

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

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

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

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

Block 2—Type of Applicant

Item a. Not applicable.

Item b. Prechecked. Only institutions are eligible in this program.

Item c. Identify *Type*, such as: business, religious, museum, historical society, government (state, local,

etc.), public media (television, radio, newspaper, etc.), educational (2-year college, 4-year college, etc.), library (public, research, etc.), center (advanced study, research, etc.).

Item d. Identify *Status* as either Private Nonprofit or Unit of State or Local Government. Example: *Type*: Historical Society. *Status*: Private Nonprofit.

Block 3—Type of Application

Check appropriate types (a or b and c or d):

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

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

Item c. First-time--this is an application for a first NEH challenge grant, matchable by three nonfederal dollars for each federal dollar.

Item d. Subsequent--this is an application for a subsequent NEH challenge grant, matchable by four nonfederal dollars for each federal dollar.

Block 4—Program to Which Application Is Being Made

This information is preprinted on the form.

If application is being made under an Endowment initiative, indicate the number corresponding to the initiative in the space provided after Endowment Initiatives. If the application is not a response to an initiative, indicate by entering N/A, Not Applicable.

03P—National Conversation

Block 5—Requested Grant Period

For most challenge grants, the grant period begins on December 1 of the year before the deadline and ends July 31 fifty-six months later. For the single exception to this rule, see page 15.

Block 6—Project Funding

Enter on lines a, b, and c the federal funds requested in three fiscal years. If requesting funds for less than

three fiscal years, enter "0" on the appropriate lines. Line e should be three times the amount of total federal funds requested for applicants requesting a first challenge grant. Line e should be four times the amount of total federal funds requested for applicants requesting a subsequent challenge grant.

Block 7—Field of Project

Most challenge grant applications fall into the U8 category--humanities in general. But some applications have a particular focus in the humanities--for example, an endowed chair in American history (A3) or a renovated language laboratory (C1). These fields are listed on the reverse side of the NEH Application Cover Sheet.

Block 8—Descriptive Title of Project

The humanities activities to be supported by the fund-raising should be described here. Examples: Building Endowment to Support Cataloging and Conservation Positions; Endowing Faculty Development; Endowed Distinguished Teaching Professorship in the Humanities; Endowing Visiting Scholars Program; Renovation of Library and Endowment of Acquisitions in Humanities Disciplines.

Block 9—Description of Project

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

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

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

Block 11—Institutional Data

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

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

Item c. Indicate the name and title of the person who is authorized to submit the application on behalf of the institution or organization and to provide the certifications required in Block 12. This person is usually someone other than the Project Director.

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

Block 12—Certification

The Endowment is required to obtain from all applicants certifications regarding federal debt status, debarment and suspension, and a drug-free workplace. Applicants requesting more than \$100,000 in grant funds must also certify regarding lobbying activities and may be required to submit a "Disclosure of Lobbying Activities" (Standard Form LLL). Institutional applicants are required to certify that they will comply with the nondiscrimination statutes and their implementing regulations. These certifications and the accompanying instructions found in the appendix of this brochure should be read carefully before the application cover sheet is signed because most of these certifications impose new responsibilities on successful applicants.

NEH APPLICATION COVER SHEET

OMB No. 3136-0134

Expires: 7/31/97

1. Individual applicant or project director**a. Name and mailing address**Name _____
(last) (first) (initial)Address _____

(city) (state) (ZIP code)

b. Form of address: _____**c. Telephone number**Office: _____/_____ Home: _____/_____
(area code) (area code)**d. Major field of applicant
or project director** _____

(code)

e. Citizenship: _____ U.S.
_____ Other _____
(specify)**2. Type of applicant****a.** _____ by an individual **b.** X through an org./institution

If b, complete block 11 below and indicate here:

c. Type**d. Status****3. Type of application****a.** _____ new **b.** _____ revision and resubmission**c.** _____ first-time **d.** _____ subsequent

If d, indicate previous grant number _____

4. Program to which application is being made**Challenge Grants** _____

Endowment Initiatives: _____ (code)

5. Requested grant period

From: _____ To: _____

6. Project Funding**a. Fiscal Year #1** \$ _____**b. Fiscal Year #2** \$ _____**c. Fiscal Year #3** \$ _____**d. Total from NEH** \$ _____**e. Nonfederal Match** \$ _____**f. Total** \$ _____**7. Field of project** _____

(code)

8. Descriptive title of project**9. Description of project (do not exceed space provided)****10. Will this proposal be submitted to another government agency or private entity for funding? (if yes, indicate where and when):****11. Institutional data****a. Institution or organization:**

(name) _____

(city) (state)

b. Employer identification number: _____**c. Name of authorizing official:**

(last) (first) (initial)

(title) _____

d. Name and mailing address of institutional grant administrator:

(last) (first) (initial)

(city) (state) (ZIP code)

Telephone: _____/_____ Form of address _____
(area code)**12. Certification.** By signing and submitting this application, the individual or the authorizing official of the applicant institution is providing the certifications regarding the nondiscrimination statutes and implementing regulations, federal debt status, debarment and suspension, a drug-free workplace, and lobbying activities, as set forth in the appendix to these guidelines.

(printed name)

(signature)

(date)

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 #

Initials

Field of Project Categories and Codes

The following categories and codes should be used to complete blocks 1d and 7 of the NEH Application Cover Sheet. If no exactly appropriate category is provided, please select the larger category that would include the more precise one. (This listing is strictly for use by the NEH staff to help retrieve information about applications and grants by subject matter field. The listing is not comprehensive and is not meant to define the disciplines of the humanities. For that definition and advice about eligibility for Endowment awards, please consult elsewhere in these application materials. The hierarchical arrangement is for convenience.)

Anthropology L1

Archaeology U6

Archival Management/Conservation I1

Arts/History and Criticism MA

Architecture: History & Criticism U3

Art: History & Criticism M1

Dance: History & Criticism M3

Film: History & Criticism M4

Music: History & Criticism M5

Theater: History & Criticism M2

Communications P2

Composition & Rhetoric P1

Journalism P4

Media P3

Education H1

Ethnic Studies K1

Asian American K5

Black/African-American K4

Hispanic American K3

Jewish K6

Native American K2

History A1

African A2

American A3

Ancient AC

British A4

Classical A5

European A6

Far Eastern A7

Latin American A8

Near Eastern A9

Russian AA

South Asian AB

Humanities U8

Interdisciplinary U1

African Studies GI

American Studies G3

Area Studies GH

Asian Studies G5

Classics G7

Folklore/Folklife R1

History/Philosophy of Science,
Technology, or Medicine GA

International Studies GG

Labor Studies G4

Latin American Studies GJ

Medieval Studies G8

Regional Studies GF

Renaissance Studies G9

Rural Studies GC

Urban Studies G2

Western Civilization GB

Women's Studies G1

Languages C1

Ancient CC

Asian CA

Classical C2

Comparative C9

English CE

French C3

German C4

Italian C5

Latin American C6

Near Eastern CB

Slavic C7

Spanish C8

Law/Jurisprudence Q1

Library Science H3

Linguistics J1

Literature D1

African DK

American DE

Ancient DC

Asian DA

British DD

Classical D2

Comparative D9

French D3

German D4

Italian D5

Latin American D6

Literary Criticism DI

Near Eastern DB

Slavic D7

Spanish D8

Museum Studies/Historic Preservation I2

Philosophy B1

Aesthetics B2

Epistemology B3

Ethics B4

History of Philosophy B5

Logic B6

Metaphysics B7

Non-Western Philosophy B8

Religion E1

Comparative Religion E5

History of Religion E2

Non-Western Religion E4

Philosophy of Religion E3

Social Science U2

American Government F2

Economics N1

Geography U7

International Relations F3

Political Science F1

Psychology U5

Public Administration F4

Sociology S1

III. ADMINISTRATION OF CHALLENGE GRANTS

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

Matching Requirements and Gift Eligibility Criteria

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

Grantees who want to request adjustment of the fund-raising schedule or an amendment to the conditions of the original grant award letter should submit to NEH Challenge Grants Program staff a letter explaining the reasons for the requested change. Requests for extension of any annual federal offer or for the extension of the final fund-raising period should be submitted in writing before June 30 of the pertinent year.

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

Eligibility Criteria for Matching Funds

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

2. It is also essential that the matching gift be used to support the purposes outlined in the approved challenge grant application. For example, a college received a challenge grant for the purpose of establishing an endowed chair in history and augmenting an endowment for library acquisitions in the humanities. The application cited the size of the endowment needed to produce an expected yield to support certain costs. If a donor contributes a piece of art to the school's museum collection—even though the donor restricts it to match the challenge grant—the contribution would not be eligible. However, payment of pledge commitments made before the challenge grant period are not eligible because the commitment was made prior to the challenge grant period.
3. Lastly, **all matching gifts must be given during the challenge grant period.** A pledge made in the first year of a challenge grant could be used to release federal funds as long as that pledge commitment is fulfilled within the grant's fund-raising period and meets the other eligibility criteria. However, payment of pledge commitments made before the challenge grant period are not eligible because the commitment was made prior to the challenge grant period.

Other General Principles of Gift Eligibility

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

Internal Record Keeping for Matching Gifts

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

Donor Transmittal Letter or Pledge

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

(Date)

Dear (authorizing official):

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

Sincerely, (Signature), Name and
Address of Donor

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

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

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

Kinds of Eligible Gifts

These are the principal kinds of gifts that may be eligible as matching donations:

1. Gifts of cash.
2. Pledges to be paid in cash within the grant period; such pledges must be in writing and constitute a legally binding promise to pay.
3. Nonfederal grants.
4. Gifts of marketable securities (valued as of the date of transfer from donor to grant recipient).
5. Special legislated nonfederal appropriations from state, county, or municipal governments. This income must represent a specific response to the challenge grant.
6. Net proceeds from special fund-raising events or benefits held specifically to raise matching funds for an NEH challenge grant. (Be sure to keep publicity materials and other relevant receipts.) Only the net proceeds are eligible; the intrinsic value of the items donated for auction or sale is not eligible.
7. Gifts of real estate under the following circumstances:
 - a) if converted into cash by means of sale (the value of the gift is then equivalent to the sale value); or
 - b) if income-producing and such income is restricted by the donor to the purposes of the grant (the value of the gift is equivalent to the value of the income received during the grant period).
8. Membership contributions, "friends" or alumni giving, or similar campaigns. The value of any tangible items received by donors, such as magazines, newsletters, or gift "premiums," must be deducted from a membership contribution to assess the actual gift value. There should be a reference to the eligibility of membership contributions for challenge grant matching purposes on the membership forms or solicitation material.
9. Earned income, for example, from publication or gift shop sales. Only the net income is eligible, and such items must be clearly identified as responses to the challenge grant. (Be sure to retain publicity materials and other relevant receipts and financial records.)

10. In-kind gifts or donated services are eligible only if the material or service provided is included in the approved challenge grant budget.

The total amounts allowed in categories number nine and number ten should not exceed the federal portion of the challenge grant--twenty-five percent of grant funds for first-time awards, or twenty percent for subsequent awards.

Deferred gifts, bequests, and planned giving are INELIGIBLE for matching purposes.

Discounts on goods or services provided through contracts are also INELIGIBLE.

Certification of Gifts

The annual deadline for certifying the minimum matching funds is July 31. Grant recipients are encouraged to certify matching funds at any time during the year to release all or part of that year's federal funds or simply to fulfill any portion of the matching requirement. Any matching funds in excess of one year's requirement will be credited toward the requirements for subsequent years and may sometimes be used to release federal funds ahead of schedule. Grantees should not certify more often than every six weeks and should not certify for less than \$1,000.

How to Certify Matching Gifts to NEH

Certification is the process by which the institutional grant administrator and project director of the challenge grant testify to NEH that eligible gifts have been raised to meet the NEH challenge grant. The certification is reviewed by the NEH Grants Office, which authorizes the U.S. Treasury Department to release federal funds to the grant recipient.

Certification Form

This form (page 29) is used to report the eligible matching gifts grouped according to the appropriate category of donors (described in the next subsection). The certification form sets forth in three columns 1) the amounts, if any, of gifts previously certified and the date of the last certification; 2) the amounts of new gifts currently being certified; and, by adding the first two columns together, 3) the current cumulative total of gifts raised (including pledges to be fulfilled within

the grant period). **Before using this form for the first time, grantees should make enough copies to serve for the duration of the grant.**

The certification form is the only document necessary to certify most gifts or pledges of cash. If, however, a grant recipient is certifying gifts of property, then—in addition to the certification form that reflects the total amount of all matching gifts—specific documentation for these gifts should be included.

The signed and dated original and one copy of the certification form and two copies of any additional documentation should be sent to the NEH Grants Office, Room 310, National Endowment for the Humanities, 1100 Pennsylvania Avenue, N.W., Washington, D.C. 20506.

The certification form must be dated and signed by both the institutional grant administrator and the project director, or, in either's absence, the person designated to act in his or her capacity. The form should normally be signed by two different persons.

Donor Categories on the Certification Form

The categories relate to the donor source and do not specify the form of the gift.

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

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

3. **Private or public foundations.** Amounts of gifts from national, state, or community foundations.
4. **Labor unions or professional or trade associations.**

-
5. **Nonfederal government units**, such as state legislative bodies or agencies, county boards, or municipal sources.
 6. **Affiliated groups**. The eligible amounts from pooled rather than individual sources or other separate but associated groups. Examples include alumni association, the class of 1943 as a group gift, membership fees, or "friends" groups.
 7. **Special events and benefits**. The increased amount of net proceeds from events such as auctions, raffles, benefit concerts, or other special fund-raising events.
 8. **Other**. The eligible amounts of gifts from miscellaneous sources not classified above. If this amounts to more than 10 percent of the matching requirement, please describe the donor sources in the annual narrative report.

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

Additional Documentation Needed for Certain Kinds of Gifts

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

1. Gifts of real estate:
 - a) a signed and dated copy of the donor's gift transmittal letter indicating whether the property will produce income or is to be liquidated in order to achieve the purpose of the grant; **and**
 - b) if the property is income-producing, the income may be certified periodically when it is received; **or**
 - c) if the gift is converted into cash by means of sale, a copy of the bill of sale.
2. In-kind gifts of services, materials, or other types of tangible donations:
 - a) a description of the objects, materials, or services provided; **and**
 - b) if the gift is service, indicate the total number of hours contributed and an explanation of the value of the labor computed on an hourly basis; **or**
 - c) if the gift is contributed materials, an appraisal based on standard rates; **and**
 - d) a signed and dated transmittal letter from the donor.

Pledges Included in Certification

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

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

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

Reporting Requirements

The Endowment requires an **annual narrative report** on each grant. This will usually be written by the project director and should be submitted on or before July 31 each year (except the final year) during the grant period. The report may be in the form of a letter and should not include information given in previous reports. In other words, each narrative report should serve as an update on the experience of the grant. The report should include:

1. A statement summarizing the approved plan of expenditures and enumerating the disposition (pledged, invested, or expended) of both federal

and nonfederal funds for each purpose thus far. If funds are being used to create an endowment, an explanation of how the yield is being put to use should be added. Where such revenues are supporting expenditures (for example, new positions), these activities should be described in some detail. For instance, when an endowed chair is filled, the incumbent's résumé should be attached to the report.

2. The effects of the grant expenditures (if any) thus far on humanities programs or activities. Any changes in the status of humanities programs or activities since the proposal was written or since the last report was submitted.
3. If applicable, any unexpected impact—positive or negative—resulting from the challenge grant.
4. The progress of the fund-raising plan, including successes, problems, and variety of fund-raising techniques employed. Please append to the annual narrative report samples of brochures, mailings, and publicity regarding the fund-raising efforts.

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

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

An institution may submit a final narrative report at any time after certifying completion of its matching

requirement and receiving all federal funds that are due. It may be advantageous to do so in advance of the due date if there is a possibility of applying for another challenge grant.

Please send the original and one copy of the annual and final narrative reports to the NEH Grants Office (see page 25 for address).

Changes to Be Requested of, or Reported to, NEH

1. Purpose of Expenditure

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

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

2. Changes in Personnel, Addresses, Etc.

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

3. Extensions of Deadlines

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

Annual Burden to Grantees

In most cases, complying with these administrative requirements for challenge grants is part of a larger capital campaign for which such records will be maintained for all donors and gifts. It is therefore difficult to estimate how much additional time the grantee will need to meet the requirements of these awards, but the range could be estimated between a maximum of 240 hours and a minimum of five hours annually. This variation is determined by the scope of the campaign, the size of the grantee institution, and the standing of its fund-raising activities. Potential applicants concerned about this aspect of the program should consult with agency staff to determine what the additional burden of work might be in their particular case.

GLOSSARY OF TERMS

Advance fund-raising: While preparing and submitting an application, an applicant may solicit and collect eligible matching gifts in anticipation of receiving an NEH challenge grant. Such gifts are eligible if made on or after December 1 of the year preceding the year in which the application is made and the decision on that application is announced. Because the first "year" of an award does not end until July 31 of the following year, this means that the first certification period lasts for twenty months. This period will be extended to thirty-two months in the case of a resubmitted application that is successful in the second cycle. (See page 15.)

Award: 1) The *federal award* refers to the total amount of NEH funds paid up to the full amount of the federal funds offered; 2) the *total challenge grant award* refers to the total amount of NEH and matching gift funds used for the purposes described in the approved challenge grant budget.

Budget: The challenge grant budget summarizes the proposed uses of all grant funds, i.e., both federal and nonfederal. All grant funds must be devoted to the support of costs in the approved challenge grant budget.

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

Fiscal year: The federal fiscal year begins October 1 and ends on September 30 (for example, FY 1995 began October 1, 1994, and ends on September 30, 1995). All grant offers correspond to federal fiscal years. Please note: Certification deadlines of July 31 precede the end of a federal fiscal year by two months to provide the Endowment sufficient time to review certification documents and authorize payment of funds.

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

Fund-raising period: The period of time a grant recipient has to raise matching funds, that is, from December 1 of the year preceding the Endowment's offer of a challenge grant to July 31 four years later (or a total of fifty-six months). For cases where the period may be longer by twelve months, see page 15.

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

Institutional grant administrator: Person responsible for the financial administration of the grant.

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

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

Offer: The offer of a challenge grant made, on condition of certain matching and general provisions, by the NEH Chairman to the institutional grant administrator of the recipient organization.

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

Project director: Primarily responsible for implementing humanities activities described in proposal and, therefore, the one most appropriate to be the author of the proposal and of annual narrative reports.

NATIONAL ENDOWMENT FOR THE HUMANITIES

CERTIFICATION OF MATCHING GIFTS FOR NEH CHALLENGE GRANT
 CERTIFICATION REPORT NO. _____

Grantee Organization: _____ Date: _____

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

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

OVER

Donor Categories

- 1. Individuals.** The total of eligible gifts donated by individual persons. These individuals may be alumni, trustees, patrons, or others not included in category number six (groups).
 - 2. Corporations and businesses.** The eligible amounts from businesses, corporations, and company-sponsored or corporate foundations.
- Note:** Many businesses sponsor a program whereby an individual employee's gift to a cultural organization may be complemented by an additional amount from the employer. The company's gift is responsive to the initiative of the employee and can count for matching purposes. The sum of the employee's gift plus match from the employing company should be included under category number one for gifts from individuals.
- 3. Private or public foundations.** Amounts of gifts from national, state, or community foundations.
 - 4. Labor unions or professional or trade associations.**
 - 5. Nonfederal government units,** such as state legislative bodies or agencies, county boards, or municipal sources.
 - 6. Affiliated groups.** The eligible amounts from pooled rather than individual sources or other separate but associated groups. Examples include alumni association, the class of 1943 as a group gift, membership fees, "friends groups."
 - 7. Special events and benefits.** The increased amount of net proceeds from events such as auctions, raffles, benefit concerts, or other special fund-raising events.
 - 8. Other.** The eligible amounts of gifts from miscellaneous sources not classified above. If this amounts to more than ten percent of the matching requirement, please describe the donor sources in the annual narrative report.

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

Yes _____ No _____

If this is intended as your last certification of matching gifts for your challenge grant, do the amounts reflect only collected pledges? Yes _____ No _____

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

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

Signature of project director: _____ Date: _____

Signature of institutional
grant administrator: _____ Date: _____

GENERAL PROVISIONS FOR ALL GRANT RECIPIENTS

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

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

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

1. Grant Accounting, Records, and Audits

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

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

2. Limitations on the Use of Grant Funds

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

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

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

3. Termination of Grants

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

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

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

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

4. Nonprofit Status

The National Endowment for the Humanities is authorized to make grants to "groups," and the National Foundation on the Arts and the Humanities Act of 1965, as amended, defines a "group" as including "any State or other public agency, and any nonprofit society, organization/institution, association, museum, or establishment in the United States, whether or not incorporated." In 1990, the U.S. Congress amended the act to specify that a "group" is now eligible for NEH funding only if (1) no part of its net earnings inures to the benefit of any private stockholder or stockholders, or individual or individuals; and (2) donations to such group are allowable as a charitable contribution under the standards of section 170(c) of the Internal Revenue Code of 1986. Because of these provisions, institutional applicants must have or obtain a tax exemption letter from the Internal Revenue Service. Successful applicants will be required to certify their 501(c)(3) status in order to obtain federal funds. By accepting this grant, the recipient warrants itself to be a "group" qualified under the above definition. It is the responsibility of the grant recipient to notify the Endowment promptly of any changes from this status.

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

5. Wage Rates for Renovation and Construction Projects

Grant recipients are required by law to furnish assurances to the Secretary of Labor that all laborers and mechanics employed by contractors or subcontractors on Endowment-supported construction projects shall be paid wages at rates that are not less than those prevailing on similar construction in the locality, as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended, 40 U.S.C. 276a-276a-5. The Department of Labor takes the position that acceptance of federal funds in support of a renovation or construction project that is subject to the Davis-Bacon Act will subject the entire project to the prevailing wage rate requirements of the act regardless of the proportion of federal funds to total project costs. Additional information is available by contacting the U.S. Department of Labor, Wage and Hour Division, Division of Contract Standards and Operations, 200 Constitution Avenue, N.W., Washington, D.C. 20210.

6. Lobbying Prohibition, 18 U.S.C. 1913

Endowment grants do not authorize any action in violation of 18 U.S.C. 1913 which is set forth below:

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

Appendix

Instructions for the Certifications

General Requirements

The Endowment is required to obtain from all applicants certifications regarding federal debt status, debarment and suspension, and a drug-free workplace. Applicants requesting more than \$100,000 in grant funds must also certify regarding lobbying activities and may be required to submit a "Disclosure of Lobbying Activities" (Standard Form LLL). Institutional applicants are required to certify that they will comply with the nondiscrimination statutes and implementing regulations.

By signing and submitting a proposal the individual applicant or the authorizing official of the applicant institution provides the applicable certifications. When a prospective applicant is unable to certify regarding the nondiscrimination statutes and implementing regulations, a drug-free workplace, or lobbying, that person is not eligible to apply for funding from the Endowment. When an applicant is unable to certify regarding federal debt status or debarment and suspension, an explanation must be attached to the proposal. The explanation of why the certification cannot be submitted will be considered in connection with the Endowment's funding determination. Failure to furnish a certification or an explanation shall disqualify the applicant from receiving an award from the Endowment.

The certifications are material representations of fact upon which reliance will be placed when the Endowment determines to fund the application. If it is later determined that the applicant knowingly provided an erroneous certification or did not comply with the requirements, in addition to other remedies available to the federal government, the Endowment may seek judicial enforcement of the certification (nondiscrimination statutes); may terminate the award for cause or default (federal debt status and debarment and suspension); and may suspend payment, suspend or terminate the grant, or suspend or debar the grantee (drug-free workplace). Any person who fails to file a required certification regarding lobbying or submits an erroneous certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

The applicant shall provide immediate written notice to the director of the NEH Grants Office if at any time the applicant learns that its certifications

were erroneous when submitted or have become erroneous by reason of changed circumstances.

Nondiscrimination Statutes and Implementing Regulations

The certification regarding the nondiscrimination statutes and implementing regulations shall obligate the applicant for the period during which the federal financial assistance is extended. There are two exceptions. If any personal property is acquired with Endowment assistance, this certification shall obligate the applicant for the period during which it retains ownership or possession of that property. If any real property or structure is improved with Endowment support, this certification shall obligate the applicant or any transferee for as long as the property or structure is used for the grant or similar purposes. This certification is binding on the applicant, its successors, transferees, and assignees, and on the authorizing official whose signature appears on the application cover sheet for this proposal.

Grantees are also required to evaluate their policies and practices toward the disabled to make certain they comply with Endowment regulations prohibiting discrimination of the disabled.

Federal Debt Status

If an applicant is unable to certify regarding federal debt status, an explanation must be submitted with the proposal.

Definitions of terms used in the federal debt status certification:

Delinquent: Represents the failure to pay an obligation or debt by the date specified in the agency's initial written notification or applicable contractual agreement, unless other satisfactory payment arrangements have been made by that date, or if at any time thereafter, the debtor fails to satisfy the obligation under a payment agreement with the agency.

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

Debarment and Suspension

The applicant agrees by submitting this proposal that should the proposal be funded by the Endowment, it shall not knowingly enter into any project-related transactions (as defined under "lower tier covered transactions") with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the Endowment.

The applicant further agrees by submitting this proposal to include without modification the following clause in all lower tier covered transactions and in all solicitations for lower tier covered transactions:

(1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.

(2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

A grantee may rely on the certification of a prospective subrecipient that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A grantee may decide the method and frequency by which it determines the eligibility of its "principals."

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

Definitions of terms used in the debarment and suspension certification:

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

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

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

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

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

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

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

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

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

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

Drug-Free Workplace

By signing and submitting the application, the institutional applicant agrees, among other things, to establish 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 grantee's workplace; and to give this statement to each employee to be engaged in the performance of the grant. For grants that have a performance period in excess of 30 days, the program and policy statement must be in place within thirty days of the date the award is issued.

A grantee will be considered in violation of the drug-free workplace requirements if the grantee falsely certifies, fails to carry out the requirements of the certification, or fails to make a good faith effort to maintain a drug-free workplace.

The applicant must either identify in the application proposal the place(s) where the grant activities will be carried out or must keep this information on file in its office so that it is available for federal inspection. Workplace identification shall include the actual address of buildings (or parts of buildings) or other sites where work under the grant will take place. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.

Definitions of terms used in the drug-free workplace certification:

Controlled Substance: A controlled substance in schedules I through V of the Controlled Substance Act (21 U.S.C. 812), and as further defined by regulation at 21 CFR 1308.11 - 1308.15.

Drug-free Workplace: A site for the performance of work done in connection with a specific grant at which employees of the grantee are prohibited from engaging in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance.

Employee: The employee of a grantee directly engaged in the performance of work under the grant, including all "direct charge" employees; all "indirect charge" employees, unless their impact or involvement is insignificant to the performance of the grant; and all temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll.

Grantee: A person who applies for or receives a grant directly from a federal agency.

Lobbying Activities

An applicant who requests grant funds in excess of \$100,000 is required to certify and, under certain circumstances, file a disclosure statement on lobbying activities. The "Certification Regarding Lobbying Activities" applies only to the individual application for which Endowment funding is being sought. If nonfederal funds were used or will be used to support lobbying activities for this application by persons other than regularly employed officers or employees of the applicant institution, the OMB "Disclosure of Lobbying Activities" (Standard Form LLL) shall be completed and returned to the NEH Grants Office. This form will also be filed at the end of each calendar quarter in which there occurs any event that requires disclosure or that materially affects the accuracy of the information previously filed.

Those who received a subgrant, contract, or subcontract exceeding \$100,000 at any tier under an Endowment grant are required to file a certification and, when necessary, a disclosure form to the next tier above. All disclosure forms shall be forwarded to the NEH Grants Office by the grantee.

For the purpose of this certification a "regularly employed officer or employee of the applicant" is one who is employed by the applicant for at least 130 working days within one year immediately preceding the date of the submission that initiates Endowment consideration of the applicant for receipt of a grant or cooperative agreement.

Certifications

1. Certification Regarding the Nondiscrimination Statutes and Implementing Regulations (Applies to Recipients Other than Individuals)

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

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

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

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

The prospective primary participant (applicant) certifies to the best of its knowledge and belief that it and its principals: (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency; (b) have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of

federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property; (c) are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state, or local) with commission of any of the offenses enumerated in paragraph (b) of this certification; and (d) have not within a three-year period preceding this application/proposal had one or more public transactions (federal, state, or local) terminated for cause or default.

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

Alternate I. (Applies to Grantees Other Than Individuals)

(A) The grantee certifies that it will or will continue to provide a drug-free workplace by

(a) publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibitions;

(b) establishing an ongoing drug-free awareness program to inform employees about (1) the dangers of drug abuse in the workplace; (2) the grantee's policy of maintaining a drug-free workplace; (3) any available drug counseling, rehabilitation, and employee assistance programs; and (4) the penalties that may be imposed on employees for drug abuse violations occurring in the workplace;

(c) making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);

(d) notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will (1) abide by the terms of the statement; and (2) notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace not later than five calendar days after such conviction;

(e) notifying the agency in writing within ten calendar days after receiving notice under subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including

position title, to every grant officer on whose grant activity the convicted employee was working, unless the federal agency has designated a central point for the receipt of such notices. Notices shall include the identification number(s) of each affected grant;

(f) taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (d)(2), with respect to any employee who is so convicted: (1) taking appropriate personnel action against such an employee, up to and including termination consistent with the requirements of the Rehabilitation Act of 1973, as amended; or (2) requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state, or local health, law enforcement, or other appropriate agency;

(g) making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e), and (f).

(B) The applicant shall either identify the site(s) for the performance of work done in connection with the project in the application material or shall keep this information on file in its office so that it is available for federal inspection. The street address, city, county, state, and zip code should be provided whenever possible.

Alternate II. (Applies to Grantees Who Are Individuals)

(A) The grantee certifies that, as a condition of the grant, he or she will not engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance in conducting any activity with the grant.

(B) If convicted of a criminal drug offense resulting from a violation occurring during the conduct of any grant activity, he or she will report the conviction, in writing, within 10 calendar days of the conviction, to the grant officer or other designee, unless the federal agency designates a central point for the receipt of such notices. When notice is made to such a central point, it shall include the identification number(s) of each affected grant.

5. Certification Regarding Lobbying Activities (45 CFR 1168) (Applies to Applicants Requesting Federal Funds in Excess of \$100,000)

The undersigned certifies, to the best of his or her knowledge and belief, that:

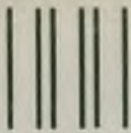
(1) No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of a federal contract, the making of a federal grant, the making of a federal loan, the entering into of a cooperative agreement, and the extension, continuation, renewal, amendment, or modification of a federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than federal appropriated funds have been paid or will be paid to any person (other than a regularly employed officer or employee of the applicant) for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

C95-1

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Office of Challenge Grants
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