



NATIONAL ENDOWMENT FOR THE

**Humanities**

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**PERFORMANCE & ACCOUNTABILITY REPORT**

**FISCAL YEAR 2016**

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# NATIONAL ENDOWMENT FOR THE HUMANITIES

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## PERFORMANCE AND ACCOUNTABILITY REPORT Fiscal Year 2016

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**THE CHAIRMAN**

**A Message from the Chairman of NEH**

I am pleased to present the Performance and Accountability Report for the National Endowment for the Humanities (NEH) for fiscal year (FY) 2016. The report sets forth the agency's goals and objectives and highlights our related accomplishments for the fiscal year just concluded. Also included in the report is information on the Endowment's finances and operations during the year.

NEH is an independent federal agency that was created by an act of Congress in 1965. The Endowment's overarching goal is to advance knowledge and understanding in the humanities in the United States. We are also committed to providing national leadership in promoting the humanities in American life. We do this by encouraging and supporting excellence in scholarship, education, and public programming in the humanities.

The information contained in this report provides ample evidence of the continuing value and importance of our programs and activities for the American people. Some of our notable accomplishments this past year include:

- In FY 2016, NEH awarded more than \$124 million to over 800 excellent humanities projects in every state of the nation and U.S. territorial jurisdictions. These projects are advancing knowledge and understanding in the humanities—history, literature, languages, philosophy, archaeology, and other humanities subjects and disciplines—and bringing this knowledge to millions of Americans.
- FY 2016 marked the second year of the Endowment's new special initiative, *The Common Good: The Humanities in the Public Square*, in support of projects that demonstrate the critical role the humanities can play in our public life. Some of the initiative's key components, activities, and programs that made grant awards in FY 2016 include:
  - ✓ A new "Humanities Initiatives at Community Colleges" program to support projects focused on a core topic or set of themes in humanities education at community colleges. The pilot competition received a robust response from the field—nearly 100 grant applicants were submitted—and the Endowment made 12 awards.
  - ✓ A "Public Scholar Program" to encourage and promote humanities research and writing for a wider reading public received nearly 500 applications, and the Endowment made 36 awards.

- ✓ A new NEH program, “Common Heritage,” is supporting local community events in cities and towns devoted to digitizing cultural heritage materials such as photographic materials, maps, films, and letters, and then making these historical materials available for exhibition, study, discussion, and preservation. NEH received more than 200 applications from 44 states at its first deadline and made 38 awards.
- ✓ NEH’s a new “Humanities Open Book” program, in partnership with the Andrew W. Mellon Foundation, is designed to make out-of-print humanities books available electronically, and free of charge, to the American people. The Mellon Foundation has committed \$1,500,000 to the program over three years. This innovative program’s first awards were made in FY 2016.
- A key part of the *Common Good* is the Endowment’s ongoing veterans-related initiative, *Standing Together: The Humanities and the Experience of War*. In FY 2016, the agency launched a special program, Dialogues on the Experience of War, which will support projects that study and discuss important humanities sources about war, in the belief that these sources can help U.S. military veterans and others think more deeply about the issues raised by war and military service. Seventeen awards were made in the initial round of this new grant competition in FY 2016.

Also of note is \$300,000 the Endowment awarded to support more than 30 public screenings and discussion panels nationwide focused on a new documentary film, “Debt of Honor: Disabled Veterans in American History.” The film was broadcast nationally on Veterans Day 2015, with screening sites carefully selected to include localities with significant veteran and military populations. As part of the *Standing Together* initiative, NEH has also provided major funding to acclaimed documentary filmmaker Ken Burns for a ten-part series on “The Vietnam War,” which will be broadcast on PBS in 2017.

NEH’s work in FY 2016 was complemented and extended by the programs and projects of the NEH-affiliated humanities councils in the states and U.S. territories. With their strong networks of cultural and educational institutions within their states, the councils are able to reach citizens in diverse and remote settings that NEH’s national programs may not be able to reach. The councils support, for example, reading and discussion programs for children and families; state and local book festivals; educational institutes for elementary and secondary school teachers; scholarship on state and local history; Chautauqua-style historical performances; radio and film projects on humanities themes; and special initiatives designed to bring humanities programming to patients at veterans hospitals throughout the country

It is a powerful indicator of NEH’s success over more than five decades that it has been able to engage so many domains of humanities work—popular and scholarly, individual and institutional, contemporary and historical, conceptual and material—and to see these varied components come together, often in a dramatic way. The most significant result of this work is the steady growth of the cultural capital of the United States. NEH has had many partners in this endeavor, including humanities councils in every state and territory, state and local

governments, private foundations, and generous individuals. But without the Endowment's leadership, commitment to the cultivation of the entire nation's cultural capacity, and focus on broad access to humanities resources for all Americans, our citizens' understanding and appreciation of their cultural heritage would be significantly diminished.

The financial and performance data contained in this report are, to the best of my knowledge, reliable and complete. I can also state that the National Endowment for the Humanities is in compliance with the requirements of the Federal Managers' Financial Integrity Act of 1982. There are no material weaknesses to report.

A handwritten signature in black ink, appearing to read 'William D. Adams', with a long horizontal flourish extending to the right.

William D. Adams, Chairman  
November 15, 2016

# NATIONAL ENDOWMENT FOR THE HUMANITIES

## Performance and Accountability Report Fiscal Year 2016

### I. MANAGEMENT'S DISCUSSION AND ANALYSIS

#### Mission and Organizational Structure

The National Endowment for the Humanities serves and strengthens our nation by supporting high quality projects and programs in the humanities and by making the humanities available to all Americans.

--NEH Mission Statement

In the 1965 legislation that established the National Endowment for the Humanities (NEH), the Congress of the United States declared that "encouragement and support of national progress . . . in the humanities . . . , while primarily a matter of private and local initiative, is also an appropriate matter of concern to the Federal Government." Acknowledging the federal government's interest in "promoting progress in the humanities," the 89th Congress expressed this interest in a single, powerful observation: "Democracy demands wisdom and vision in its citizens." The agency's authorizing legislation also encourages the Endowment to, among other things, promote "understanding of the nation's rich cultural heritage," foster a "mutual respect for the diverse beliefs and values of all persons and groups," and relate the humanities to "the current conditions of national life."

The Endowment helps Americans develop "wisdom and vision" by supporting humanities projects and programs that expand knowledge of history, thought, and culture. NEH provides grants to the nation's museums, archives, libraries, colleges, universities, and public television and radio stations, as well as other educational and cultural institutions. The agency also provides grants to individuals to undertake advanced research and scholarship in the humanities.

NEH is directed by a Chairman, who is appointed by the President of the United States and confirmed by the U.S. Senate for a term of four years. The current Chairman is Dr. William D. Adams, who was nominated by President Obama in April of 2014 and confirmed by the Senate in July of that year. Before coming to NEH, Dr. Adams served for many years as president of Colby College in Maine. Advising Dr. Adams is the National Council on the Humanities, a board of 26 distinguished private citizens who are appointed by the President and confirmed by the Senate. National Council members serve staggered six-year terms.

The agency's grant programs are organized into four divisions (Education Programs, Preservation and Access, Public Programs, and Research Programs) and three offices (Federal/State Partnership, Digital Humanities, and Challenge Grants). Complementing these divisions and offices in FY 2016 was a special program initiative—*The Common Good: The Humanities in the Public Square*, which is designed to demonstrate and enhance the critical role the humanities can play in our nation's public life. As part of *The Common Good*, the Endowment continued to support a special program emphasis it launched in 2014, *Standing*

*Together: The Humanities and the Experience of War*, which assists veterans as they return to civilian life and which helps Americans understand the experiences of service members.

NEH's grant programs received nearly 5,000 applications in FY 2016. These applications were evaluated by knowledgeable persons outside NEH who were asked for their judgments about the quality and significance of the proposed projects. Nearly 1,000 scholars, teachers, librarians and archivists, museum curators, documentary filmmakers, and other humanities professionals and experts served on the more than 240 application review panels that NEH convened in FY 2016. Panelists represent a diversity of disciplinary, institutional, regional, and cultural backgrounds. NEH staff assembles panelists' evaluations of the merits of grant applications and comment on matters of fact or significant issues that would otherwise be missing from the review. The materials are then presented to the National Council on the Humanities, which meets three times each year to advise the Chairman of NEH. The Chairman takes into account all of the advice provided via the review process and, by law, is authorized to make the final decision about funding. More than 800 humanities projects received direct funding from NEH in fiscal year 2016.

### **Highlights of Important Performance Goals and Results**

The arrival of Chairman William Adams and other new senior leadership in the past two years provided NEH with an opportunity to engage in an agency-wide effort to refresh its strategic plan. The refreshed plan stresses the importance of expanding the scope and impact of the grants the agency makes and opening up our grant opportunities to communities, regions, institutions, and populations that have not traditionally availed themselves of the Endowment's programs or benefited greatly from the products of NEH's grants. One of the updated plan's central features is an effort to ensure that all Americans benefit from and understand the value of the humanities. Another distinctive feature is a coordinated effort to look for ways to improve service to our constituents in the humanities community, particularly to grant applicants and grantees, both those we have supported in the past and new participants we look to support in the future.

Under the leadership of an agency-wide steering committee and with the participation of more than forty staff members in a kick-off workshop, the following four broad goals were developed:

**Goal 1:** To foster the expansion of knowledge and understanding of the humanities through our grant-making and other activities and to lead in the search for new research methodologies and areas of inquiry.

**Goal 2:** To nurture the nation's humanities infrastructures and support producers of significant humanities content.

**Goal 3:** To provide a humanities experience to all Americans, where they are.

**Goal 4:** To enhance quality of service and efficiency of operations.

These refreshed goals align with the strategies that have been in place for a number of years under the Endowment's extant strategic plan.

Because FY 2016 has only just concluded, we cannot report actual outcomes related to most of our grant-making activity during the year. This is because the vast majority of projects supported in any given year will not result in tangible outcomes by the completion of the grant period. For example, fellowships and stipends awarded to scholars to conduct advanced research in the humanities typically will not result in the publication of books or articles until five or more years after the grant period has ended. The outcomes of these grants will thus need to be accounted for in future performance and accountability reports.

For performance measuring purposes, we have been adapting elements of the new Performance Progress Report (PPR) format—a framework for grant making agencies that was developed by a committee of the National Science and Technology Council under the supervision of the National Science Foundation. In FY 2016, the Endowment established the PPR format in most of its grant categories. In the coming years, this report will help us capture richer performance information from our grantees and import that information directly into our grants management system. We have also recently developed an in-house system for collecting information on the products and prizes that result from NEH grants. This system is helping the agency better understand the impact of our programs and initiatives.

Fiscal year 2016 was the second year of the agency's new *The Common Good: The Humanities in the Public Square: The Humanities in the Public Square* initiative. In keeping with our updated strategic goals, *The Common Good* is designed to demonstrate and enhance the critical role the humanities can play in our nation's public life. In FY 2016, many new grant programs and special emphases under the initiative were either launched or made their initial grant awards, including:

- A new “Humanities Initiatives at Community Colleges” program is offering grants of up to \$100,000 to support projects focused on a core topic or set of themes in humanities education at community colleges, which educate more than half of all students now enrolled in postsecondary education. The pilot competition for this new grant opportunity received a robust response from the field—nearly 100 grant applicants were submitted—and the Endowment made 12 awards.
- A “Public Scholar Program” is encouraging and promoting humanities research and writing for a wider reading public. Under this grant category, awards are being made to scholars working on topics of broad public interest and that have lasting impact. The first grant competition was a resounding success: Nearly 500 applications were submitted, and the Endowment made 36 awards. The program has garnered great praise in the press nationally for helping to spur an interest in engaging, well-researched, and accessible non-fiction books for the general reading public. The Endowment will also help facilitate public discussion programs centered on these works when they are published in the coming years, and some NEH-supported scholars may participate in programs sponsored by the state humanities councils.
- America's cultural heritage is preserved not only in libraries, museums, and archives, but also in all our homes, family histories, and life stories. A new NEH program, “Common Heritage,” is supporting local community events in cities and towns devoted to digitizing cultural heritage materials such as photographic materials, maps, films, and letters, and

then making these historical materials available for exhibition, study, discussion, and preservation. Initial interest in this new grant program was strong: NEH received more than 200 applications from 44 states at its first deadline and made 38 awards.

- A new “Humanities Open Book” program, in partnership with the Andrew W. Mellon Foundation, is designed to make outstanding, out-of-print humanities books available electronically, and free of charge, to the American people. By taking advantage of low-cost e-book technology, this program will allow teachers, students, scholars, and the public to read many thousands of works of history, literature, philosophy, and other humanities subjects that have long been out of print. This innovative program’s first ten awards were made in FY 2016. The Mellon Foundation has committed \$1,500,000 to the program over three years.
- In NEH’s Challenge Grants program, a new grant opportunity for “Next Generation Humanities Ph.D. Grants” is encouraging and supporting universities in their efforts to institute wide-ranging changes in humanities doctoral programs. NEH hopes to assist universities in devising a new model of doctoral education, which can both transform the understanding of what it means to be a humanities scholar and promote the integration of the humanities in the public square. That humanities doctoral education is ripe for reform was demonstrated by the response from the humanities community: The first round of this grant competition drew applications from 58 universities—approximately one-quarter of the nation’s Ph.D.-granting institutions—and the Endowment made 27 awards.

*The Common Good* builds on and expands the special programming NEH launched in 2014—*Standing Together: The Humanities and the Experience of War*. This programming seeks to connect the humanities to the experiences of veterans and service members, thus addressing a compelling need and serving a community that NEH has only tangentially reached in the past. To date, NEH has provided more than \$6 million in grants for projects that are reaching veterans throughout the nation. These projects include support for veterans to attend “academic boot camps” on eleven college and university campuses to help them transition from the military to life as college students; reading and discussion programs in VA hospitals, community centers, and public libraries using great works of literature; public performances for and involving veterans that draw on timeless themes from classical Greek dramas of soldiers returning home from war; and support for veterans-related work in the 50 states and the territories through grants made to the state humanities councils. The Endowment also funded a special project that provided more than 30 public screenings and discussion panels nationwide focused on a new documentary film, “Debt of Honor: Disabled Veterans in American History,” which was broadcast nationally in November 2015 on Veterans Day. The screening sites were selected to include localities with significant veteran and military populations. And, the Endowment has provided major funding to acclaimed documentary filmmaker Ken Burns for a ten-part series on “The Vietnam War,” which is slated to air on PBS in 2017.

The Endowment also created a new program specifically concerned with veterans and active service members called “Dialogues on the Experience of War.” This program provides funding of up to \$100,000 for projects that prepare discussion leaders and conduct discussion sessions on significant issues related to war and military service. Discussion groups can be made

up exclusively of military veterans, but can also include men and women in active service, military families, and interested members of the public. The initial application deadline for the pilot competition in this program saw an enthusiastic response from the humanities community—nearly 100 grant proposals were submitted—and the Endowment made 17 awards.

### **Brief Analysis of Financial Statements/Financial Overview**

The principal financial statements have been prepared to report the financial position and the results of operations of the National Endowment for the Humanities (Endowment), pursuant to the requirements of 31 U.S.C. 3515 (b). These statements are included in the Financial Section of the Performance and Accountability Report.

While the statements have been prepared from the books and records of the Endowment in accordance with generally accepted accounting principles (GAAP) for Federal entities and the formats prescribed by the Office of Management and Budget, the statements are in addition to the financial reports used to monitor and control budgetary resources which are prepared from the same books and records.

The statements should be read with the realization that the Endowment is a component of the United States Government, a sovereign entity.

The following is a brief summary of the principal statements. The amounts shown are in millions of dollars.

#### **Balance Sheet**

On the balance sheet, the Endowment's most significant asset is the fund balance with the U.S. Treasury. This balance principally represents funds to be paid in future years for grants. For fiscal years 2016 and 2015, the Endowment had a fund balance with the U.S. Treasury of \$150.5 and \$148.1, respectively. A higher appropriation for FY 2016 and an increase in downward adjustments accounts for this increase. The FY 2016 amount of \$150.5 comprises \$149.9 of appropriated no-year funds and \$.6 of trust no-year funds.

Of the \$25.3 in total liabilities for FY 2016, the Endowment's principal liability is the estimated grant liability. This liability represents an accrual for the amount of estimated unreimbursed grantee expenses, as of September 30, 2016. For fiscal years 2016 and 2015, the Endowment had grant liabilities of \$22.9 and \$21.1, respectively. The increase is due to a higher appropriation FY 2016, which allowed the Endowment to make additional awards. The additional awards made during the year increased the liability.

The Endowment's net position consists primarily of unexpended appropriations. The unexpended appropriations include the portion of the Endowment's appropriation represented by undelivered orders and unobligated balances. As required by OMB Circular A-136, the balance sheet shows the portion of cumulative results of operations and unexpended appropriations for dedicated collections separately from all other funds on the face of the balance sheet. For fiscal years 2016 and 2015, the Endowment had unexpended balances of \$129.2 and \$128.6, respectively. The increase is due to the net effect of a larger appropriation received and increased net costs in FY 2016 compared to the previous year.

### **Statement of Net Cost**

The net cost of operations represents the gross cost incurred by the Endowment less any exchange revenue earned from its activities. By disclosing the gross and net cost of the Endowment's programs, the statement of net cost provides information that can be related to the outputs and outcomes of the Endowment's programs and activities. For fiscal years 2016 and 2015, the Endowment had net cost of operations of \$148.8 and \$145.9, respectively. This is due largely to increased expenses in the Endowment's grant programs.

### **Statement of Changes in Net Position**

The statement of changes in net position is designed to display the components of the unexpended appropriations and cumulative results of operations separately to enable the stakeholders to better understand the nature of this statement. For fiscal years 2016 and 2015, the Endowment had net positions of \$129.2 and \$128.5, respectively. The increase is due to a larger unexpended appropriations balance in FY 2016.

### **Statement of Budgetary Resources**

The statement of budgetary resources provides information about how budgetary resources were made available to the Endowment as well as their status at the end of the period. It is the only financial statement primarily derived from the Endowment's budgetary general ledger in accordance with budgetary accounting rules, which are incorporated into GAAP for the Federal Government. The budgetary resources are mostly from funds appropriated by the U.S. Congress. For fiscal years 2016 and 2015, the Endowment had \$159.1 and \$157.1 in budgetary resources, respectively. The change is due primarily to an increased appropriation for FY 2016. For fiscal years 2016 and 2015, the Endowment had net outlays of \$145.5 and 146.3, respectively.

### **Required Supplementary Stewardship Information**

#### **Stewardship Investments - Investment in Non-Federal Physical Property**

The National Endowment for the Humanities (NEH) provides a long term benefit to the public by maintaining its commitment to investing in non-Federal physical property. Non-Federal physical property refers to expenses incurred by the Federal government for the purchase, construction, or major renovation of physical property owned by state and local governments, including major additions, alterations, and replacements; the purchase of major equipment; and the purchase or improvement of other physical assets.

NEH's investment in non-Federal physical property currently includes facilities, structures, and equipment.

#### **Management Assurances**

In accordance with the Federal Manager's Financial Integrity Act of 1982, in FY 2016 NEH conducted its required review of the agency's operations and procedures to identify possible deficiencies in management controls. This annual review enables the agency to provide reasonable assurance that it is in compliance with the requirements of the Integrity Act.

As a result of our FY 2016 review, NEH provides assurance that its internal management controls are adequate and effective for controlling waste, fraud, abuse, and mismanagement of resources.

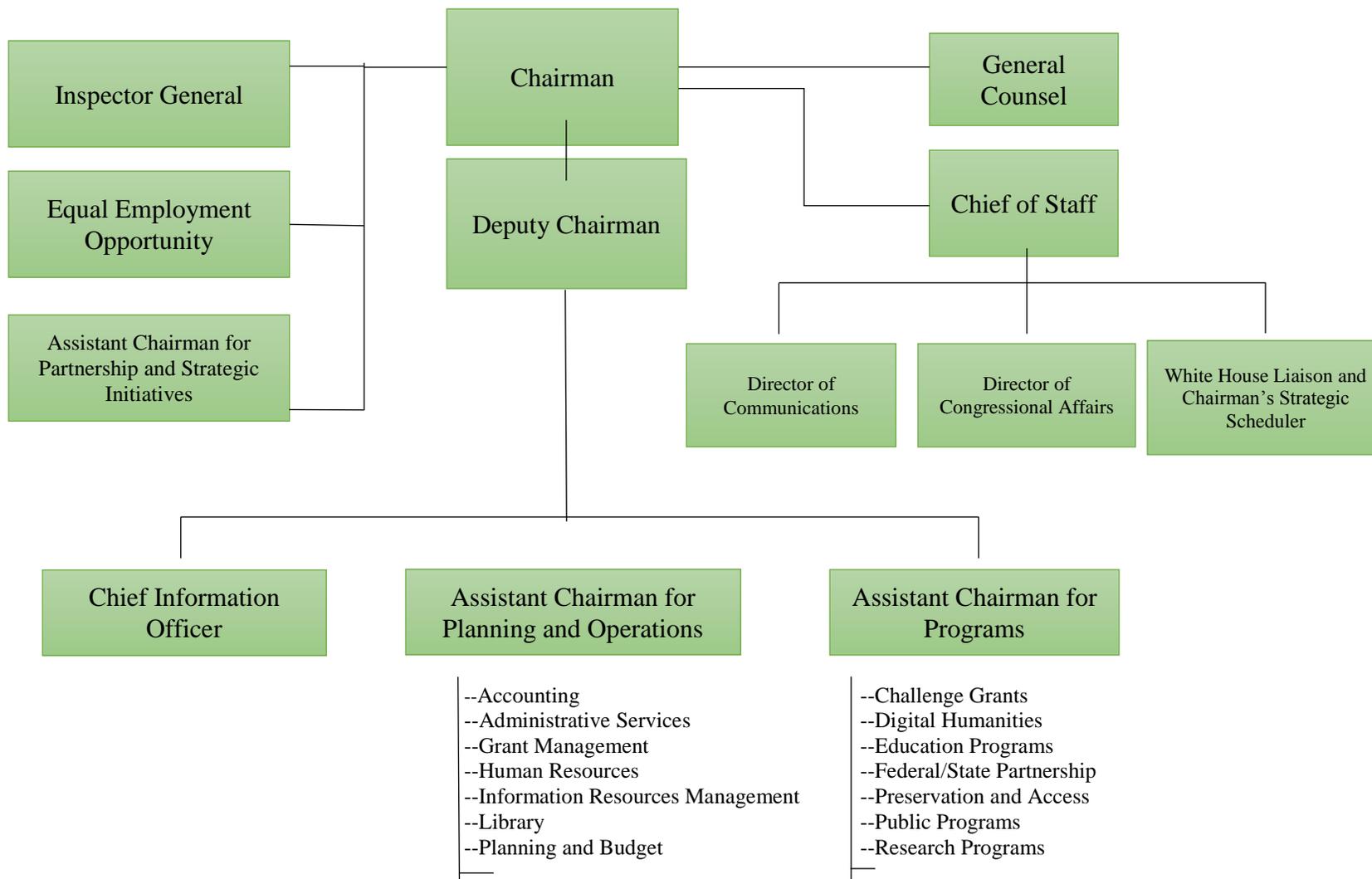
### **Possible Future Effects of Existing Events and Conditions**

The Endowment, along with many other federal agencies, continues to face fiscal pressures as the federal government struggles to bring revenues and expenditures into balance. NEH and other agencies limp along year to year under continuing resolutions and omnibus funding bills that do not address the particular budgetary needs of the agency. This makes it difficult for the Endowment to plan its programmatic and administrative activities in an effective way and, once an appropriation is made, to execute its financial resources efficiently.

### **Organizational Structure**

The following page shows NEH's current organizational structure.

## National Endowment for the Humanities



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## II. PERFORMANCE INFORMATION

### Fiscal Year 2016 Performance Report and Data from Three Previous Fiscal Years

#### INTRODUCTION

We are pleased to present the Performance and Impact section of our Performance and Accountability Report (PAR) for fiscal year 2016. The purpose of this section of the report is to compare performance levels anticipated for fiscal year 2016 in the annual NEH Performance Plan with the performance outcomes that were actually achieved during that year.

The results projected in the NEH Performance Plan may accrue over many years. In those cases, measured outcomes of FY 2016 will be reported as partial results and revised in subsequent annual PARs. The projected performance outcomes cited below are those embodied in the NEH Performance Plan and relate to funding allocations at the levels of the final, enacted budget of each year. In what follows, projected performance indicators are shown in *italics*; measured performance outcomes in **bold**. Performance results that as of this writing remain incomplete are enclosed in parenthesis.

[Note: The volume of applications to NEH's discrete programs and grant categories typically fluctuates from year to year. In addition, because grants are awarded through a highly competitive—and necessarily contingent—application review process, the numbers of grants actually awarded during a given year (in **bold**) may differ significantly from the numbers of awards (in *italics*) projected for the current year.]

#### PERFORMANCE GOALS:

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

#### PERFORMANCE INDICATORS:

1) Provide support for fellowships and stipends that enable scholars—both those affiliated with educational institutions and those working independently—to devote a concentrated period of time to research and writing on significant subjects in all fields of the humanities.

- FY 2016: Support was provided for **210/195** individual scholars to make significant progress on important humanities research projects through fellowships and stipends.
- FY 2015: Support was provided for **190/190** individual scholars to make significant progress on important humanities research projects through fellowships and stipends.

- FY 2014: Support was provided for 161/**161** individual scholars to make significant progress on important humanities research projects through fellowships and stipends.
  - FY 2013: Support was provided for 183/**183** individual scholars to make significant progress on important humanities research projects through fellowships and stipends.
- 2) Support collaborative research projects on significant subjects in the humanities.
- FY 2016: Support was provided for 28/**34** important long-term collaborative projects in the humanities such as scholarly editions, translations, archaeological excavations and analyses and other complex, large-scale undertakings. In addition, 26/**26** previously awarded grants received ongoing support through NEH matching funds.
  - FY 2015: Support was provided for 33/**33** important long-term collaborative projects in the humanities such as scholarly editions, translations, archaeological excavations and analyses and other complex, large-scale undertakings. In addition, 24/**24** previously awarded grants received ongoing support through NEH matching funds.
  - FY 2014: Support was provided for 45/**45** important long-term collaborative projects in the humanities such as scholarly editions, translations, archaeological excavations and analyses and other complex, large-scale undertakings. In addition, 24/**24** previously awarded grants received ongoing support through NEH matching funds.
  - FY 2013: Support was provided for 42/**42** important long-term collaborative projects in the humanities such as scholarly editions, translations, archaeological excavations and analyses and other complex, large-scale undertakings. In addition, 16/**16** previously awarded grants received ongoing support through NEH matching funds.
- 3) Encourage international scholarly collaboration in the humanities.
- FY 2016: Awards for 23/**24** humanities fellowship programs at independent research institutions are supporting the work of 72/**72** humanities scholars who are making significant contributions to scholarship in the humanities.
  - FY 2015: Awards for 23/**23** humanities fellowship programs at independent research institutions are supporting the work of 72/**72** humanities scholars who are making significant contributions to scholarship in the humanities.
  - FY 2014: Awards for 24/**24** humanities fellowship programs at independent research institutions supported the work of 76/**76** humanities scholars who are

making significant contributions to scholarship in the humanities.

- FY 2013: Awards for **23/23** humanities fellowship programs at independent research institutions supported the work of **75/75** humanities scholars who are making significant contributions to scholarship in the humanities.

4) Encourage the use of digital technologies in scholarly research and the dissemination of research findings. (New indicator in FY 2015.)

- FY 2016: Applicants were encouraged to harness the vast potential of advanced digital technology in the conduct and dissemination of their research.
- FY 2015: Applicants were encouraged to harness the vast potential of advanced digital technology in the conduct and dissemination of their research.

5) Work in partnership with the National Science Foundation to support projects to record, document, and archive endangered languages worldwide, with a special emphasis on endangered Native American languages. (New indicator in FY 2015.)

- FY 2016: **10/5** projects were supported through the Endowment's multi-year funding partnership with the National Science Foundation to provide awards to scholars engaged in recording and archiving key languages before they become extinct.
- FY 2015: **10/10** projects were supported through the Endowment's multi-year funding partnership with the National Science Foundation to provide awards to scholars engaged in recording and archiving key languages before they become extinct.

6) Support humanities scholarship and related course development by faculty at Historically Black Colleges and Universities, Hispanic-Serving Institutions, and Tribal Colleges and Universities.

- FY 2016: Support was provided to **6/10** individual scholars who teach at historically black colleges and universities, at Hispanic-serving institutions, and at tribal colleges and universities to make significant progress on important scholarly projects in the humanities through faculty research awards.
- FY 2015: Support was provided to **9/9** individual scholars who teach at historically black colleges and universities, at Hispanic-serving institutions, and at tribal colleges and universities to make significant progress on important scholarly projects in the humanities through faculty research awards.
- FY 2014: Support enabled **10/10** individual scholars who teach at historically

black colleges and universities, at Hispanic-serving institutions, and at tribal colleges and universities to make significant progress on important scholarly projects in the humanities through faculty research awards.

- **FY 2013:** Support enabled *10/9* individual scholars who teach at historically black colleges and universities, at Hispanic-serving institutions, and at tribal colleges and universities to make significant progress on important scholarly projects in the humanities through faculty research awards.

#### ANALYSIS:

**Availability of data.** The scholars who received NEH funding during FY 2016 undertook projects of varying length, from the three months of independent research and writing supported by a summer stipend to multi-year research collaborations. In the coming months and years, these projects will come to fruition in the form of journal articles, books, and scholarly editions. Increasingly, the Endowment's electronic Grants Management System (eGMS) database will facilitate the aggregation of data about products, such as books and articles that result from activities supported by specific NEH grants. As well, current and past grantees can now input data about such additional project outcomes journal articles, websites, documentary films, museum exhibitions, conferences, workshops, computer software, and academic prizes, or about media coverage, such as a book review, newspaper article, or radio interview.

**FY 2016 accomplishments.** The Endowment supports research by individual scholars; long-term, complex projects carried out by teams of scholars; and focused, individual projects that draw upon the collections and expertise of leading humanities institutions and overseas research centers. The nature of humanities research is incremental. Thus, the scholarly impacts of NEH grants are often realized well after grant funds are spent. Awards made in FY 2016 by the Endowment in support of humanities research will help to shape the understanding of scholars and the larger public for years to come.

**[Indicator 1]** NEH Fellowships and Summer Stipends provide opportunities for individual scholars and teachers to undertake advanced research in the humanities. Since the first years of the Endowment, these programs have proven to be an effective and efficient means of supporting humanities research, resulting in the publication of approximately 8,500 books. While books (including books in electronic format) and scholarly articles are most often the goal of those applying for NEH awards, grantees report that their scholarly publications often result in access to new audiences, allowing them to publish in popular presses, make presentations to both specialized and general audiences, and draw on their research to enrich their teaching.

NEH-supported publications often win academic, scholarly, and literary prizes. For example, Ari Kelman's *A Misplaced Massacre: Struggling Over the Memory of Sand Creek* received both the Bancroft Prize for best book in American history and the Organization of American Historians' Avery O. Craven Award for most original book on the U.S. Civil War years. Several other NEH-supported books recently received prizes, including Ellen Gruber

Garvey's *Writing with Scissors: American Scrapbooks from the Civil War to the Harlem Renaissance*, which received the Society for American Archivists' Waldo Gifford Leland Award for best book; Annegret Fauser's *Sounds of War: Music in the United States during World War II*, which received prizes from both the American Musicological Association and the American Society of Composers, Authors, and Publishers; and Irina Paperno's "*Who, What Am I?": Tolstoy Struggles to Narrate the Self*", which received the Aldo and Jeanne Scaglione Prize for best study in Slavic language and literature given by the Modern Language Association.

In FY 2015, as part of the Endowment's *The Common Good* initiative, a new Public Scholar Program was introduced to encourage scholars to write for a broad audience, provide easy access to humanities ideas, and make a lasting impact on public understanding. The new program made 36 awards in FY 2016. For example, independent scholar and former Pulitzer Prize winner Diane McWhorter will use her Public Scholar award to examine the life of Werner von Braun, a leading designer of the Third Reich's V-2 missile, after he moved from Germany to Huntsville, Alabama. His story—at the intersection of the history of the Civil Rights struggle in Alabama, NASA, and the Cold War—will be published by Penguin Random House press.

**[Indicator 2]** Modern scholarly endeavors increasingly require the collaboration of many researchers working across a wide range of specialties or scholars working together in research centers and archives. The Endowment nurtures such collaborative efforts through three programs—Scholarly Editions and Translations, Collaborative Research, and Fellowship Programs at Independent Research Institutions.

Scholarly Editions and Translations grants support the preparation of important texts and documents of enduring value that otherwise would be relatively inaccessible to scholars and the public. Scholarly editions projects involve significant literary, philosophical, and historical materials, with the majority being in U.S. history and literature. Most are produced in print editions but increasingly also in a variety of digital formats. Recent grants have supported, for example, editions of the papers of such major political figures as George Washington, Thomas Jefferson, John Adams, Eleanor Roosevelt, Abraham Lincoln, James Madison, Andrew Jackson, and Ulysses S. Grant; important cultural figures such as Puritan minister Jonathan Edwards, entertainer William F. "Buffalo Bill" Cody, and early 20<sup>th</sup>-century inventor Thomas Edison; and such literary figures as Mark Twain, Willa Cather, and Ernest Hemingway. And, the George C. Marshall Papers project, which the Endowment supported for many years, has just completed its work on a fully digital, seven-volume edition of the papers of this important 20<sup>th</sup>-century American statesman and soldier.

Translation projects make important literary and historical material accessible to English-speaking scholars and readers. In FY 2016, for example, a scholar at University of Illinois, Urbana-Champaign received NEH support to translate the recently rediscovered journal of Johann Peter Oettinger (1666-1746), a barber-surgeon who traveled across Germany and the Netherlands and sailed on Dutch and Brandenburg slave ships to the Caribbean and Africa. Oettinger's richly detailed journal will be a vital resource to historians of medicine, race, and the Atlantic world.

Collaborative Research grants support teams of researchers involved in a variety of large-scale domestic and international projects, including archaeological excavation and interpretation, scholarly conferences, and wide-ranging original and synthetic research that significantly adds to our understanding of historical issues and cultural concerns. In 2016, for example, an archaeologist at the University of Michigan, received a grant to conduct an excavation and analysis at the ancient city site of Gabii, near Rome. Since the city was almost completely abandoned by the 1st century BCE, it offers unparalleled access to Mid-Republican, Archaic, and Iron Age levels that have proven so elusive elsewhere.

**[Indicator 3]** The Fellowship Programs at Independent Research Institutions supports residential fellowships offered by U.S. research centers located at home and abroad, and fellowships awarded under the auspices of U.S. organizations that facilitate international research. Fellows at NEH-supported centers produce a wide range of published scholarship. For example, Nancy Shoemaker, a professor of history at the University of Connecticut, held a NEH-supported fellowship through the American Antiquarian Society. With her award, Shoemaker used the Society's rich archival resources and wrote *Native American Whalers and the World: Indigenous Encounters and the Contingency of Race* (2015). Her book examines the experience of Native American sailors, who invigorated economically depressed reservations with vital income and interacted with indigenous people from around the globe.

**[Indicator 4]** The Endowment long ago began encouraging applicants to harness the vast potential of advanced digital technology in the conduct and dissemination of their research. For example, a recent grant to the Virginia Foundation for the Humanities supports the use of database technology to re-create the political and social history of small cities in Virginia and Kentucky during the mid-19th century. Both states recorded the voice votes of citizens on local, state, and national elections, and the project's international team of collaborators are using voting records, tax records, and census data to understand why communities voted as they did.

**[Indicator 5]** The Endowment has forged a number of strategic partnerships that reinforce the impact of an NEH Fellowship. Currently, for example, NEH administers the evaluation of applications to the Library of Congress's John W. Kluge Fellows Program. This program provides stipends to junior scholars from the U.S. and abroad to conduct research in the Library's rich collections in the humanities. The Endowment also collaborates with the Japan-United States Friendship Commission to encourage American scholars' research on Japan and U.S.- Japan relations. Finally, the Endowment continues its multi-year funding partnership with the National Science Foundation in support of Documenting Endangered Languages, a program to provide NEH awards to scholars engaged in recording and preserving key languages before they become extinct. For example, in FY 2016 one of these awards supported fieldwork to create a lexical database and grammar of Dilzhe'e, an endangered variety of Western Apache belonging to the Southern Athabaskan language family.

**[Indicator 6]** As part of the agency's efforts to extend the reach of its grant opportunities, the Endowment offers Awards for Faculty at Historically Black Colleges and Universities, Hispanic- serving Institutions, and Tribal Colleges and Universities. The Awards for Faculty

program provides flexible grants to better serve the unique needs of faculty members at these institutions who struggle to maintain their credentials as scholars while teaching under the most challenging conditions. In FY 2016, for example, Santiago Valerio-Jimenez, a history professor at the University of Texas received Awards for Faculty funding to support the writing of a book on the legacy of memories about the Mexican-American War among successive generations.

**B: Strengthen teaching and learning in the humanities in elementary and secondary schools and institutions of higher education.**

PERFORMANCE INDICATORS:

1) Provide professional development opportunities for teachers at all levels of the nation's educational system to renew and deepen their knowledge of the humanities.

- FY 2016: Support for 49/46 NEH summer seminars and institutes will enable 521/(489) college teachers and 578/(543) school teachers to revitalize their knowledge and teaching of the humanities. College teachers participating in seminars and institutes during the summer of 2017 will reach approximately 91,175/(85,593) students annually; school teacher participants will reach approximately 72,250/(67,827) annually.

Support for 22/20 "Landmarks of American History and Culture" workshops to take place in the summer of 2018 would enable approximately 1,548/(1,440) school teachers to revitalize their knowledge and teaching of American history, particularly as it relates to the relationship between specific sites and the episodes in history, the writers, and/or the artists associated with that location. These teachers would annually reach approximately 198,000/(180,000) students.

Support for 26/20 Enduring Questions projects is enabling faculty members to develop a new course at the undergraduate level to grapple with the most fundamental concerns of the humanities, and to join with their students in deep, sustained programs of reading in order to encounter influential thinkers over the centuries and into the present day. Each participating faculty member will conduct the newly created course at least twice, with each iteration reaching approximately 25 students. FY 2016 was the last grant competition for this program, which has been discontinued.

In FY 2016, made 17 awards in its new program, the Dialogues on the Experience of War, which is specifically concerned with veterans and active service members.

- FY 2015: Support for **50/50** NEH summer seminars and institutes enabled **535/535** college teachers and **535/535** school teachers to revitalize their knowledge and teaching of the humanities. College teachers who participated in seminars and institutes during the summer of 2016 will reach approximately **93,625/93,625** students annually; school teacher participants will reach approximately **66,875/66,875** annually.

Support for **22/22** “Landmarks of American History and Culture” workshops during the summer of 2016 enabled approximately **1,584/1,584** school teachers to revitalize their knowledge and teaching of American history, particularly as it relates to the relationship between specific sites and the episodes in history, the writers, and/or the artists associated with that location. These teachers would annually reach approximately **198,000/198,000** students.

Support for **26/26** Enduring Questions projects is enabling faculty members to develop new courses at the undergraduate level to grapple with the most fundamental concerns of the humanities, and to join with their students in deep, sustained programs of reading in order to encounter influential thinkers over the centuries and into the present day. Each participating faculty member will conduct the newly created course at least twice, with each iteration reaching approximately 25 students.

- FY 2014: Support for **50/48** NEH summer seminars and institutes enabled **508/511** college teachers and **517/544** school teachers to revitalize their knowledge and teaching of the humanities. College teachers participating in seminars and institutes during the summer of 2015 will reach approximately **88,900/89,425** students annually; school teacher participants would reach approximately **64,625/68,000** annually.

Support for **18/21** “Landmarks of American History and Culture” workshops in the summer of 2015 enabled approximately **1,296/1,512** school teachers to revitalize their knowledge and teaching of American history, particularly as it relates to the relationship between specific sites and the episodes in history, the writers, and/or the artists associated with that location. These teachers will annually reach approximately **162,000/189,000** students.

Support for **21/20** Enduring Questions projects will enable faculty members to develop a new course at the undergraduate level to grapple with the most fundamental concerns of the humanities, and to join with their students in deep, sustained programs of reading in order to encounter influential thinkers over the centuries and into the present day. Each participating faculty member will conduct the newly created course at least twice, with each iteration reaching approximately 25 students.

- FY 2013: Support for **45/45** NEH summer seminars and institutes enabled **485/485** college teachers and **460/460** school teachers to revitalize their knowledge and teaching of the humanities. College teachers participating in seminars and institutes during the summer of 2014 will reach approximately **84,875/84,875** students annually; school teacher participants will reach approximately **57,500/57,500** students annually.

Support for **20/20** “Landmarks of American History and Culture” workshops during the summer of 2014 enabled approximately **1,600/1,600** school teachers to revitalize their knowledge and teaching of American history, particularly as it relates to the relationship between specific sites and the episodes in history, the writers, and/or the artists associated with that location. These teachers will annually reach approximately **200,000/200,000** students.

Support for **19/19** Enduring Questions projects enabled faculty members to develop new courses at the undergraduate level to grapple with the most fundamental concerns of the humanities, and to join with their students in deep, sustained programs of reading in order to encounter influential thinkers over the centuries and into the present day. Each participating faculty member will conduct the newly created course at least twice, with each iteration reaching approximately **25/25** students.

2) Strengthen efforts to enhance the availability and quality of humanities teaching and learning in the nation’s community colleges, especially the study of diverse cultures and historical perspectives.

- FY 2016: Support for **10/12** Humanities Initiatives at Community Colleges projects are supporting community colleges’ commitment to educating students on a variety of educational and career paths. This newly introduced program funds curricular and faculty development projects that help strengthen humanities programs and/or incorporate humanistic approaches in fields outside the humanities.
- FY 2015: Support for **3/3** NEH Bridging Cultures at Community Colleges projects are enabling community college faculty and administrators to participate in sustained programs of faculty and curriculum development. They will work with leading scholars to develop new curricula and courses, participating in a sustained program of study and guidance, exchanging ideas through digital technology, and will present products such as syllabi and research products at a concluding conference. Community college faculty participating in these projects will each reach approximately **190/190** students annually.
- FY 2014: Support for **3/3** NEH Bridging Cultures at Community Colleges projects enabled community college faculty and administrators to participate in sustained programs of faculty and curriculum development. They will work with leading scholars to develop new curricula and courses, participating in a sustained program

of study and guidance, exchanging ideas through digital technology, and will present products such as syllabi and research products at a concluding conference. Community college faculty participating in these projects will each reach approximately 190/190 students annually.

- FY 2013: Support for 3/3 NEH Bridging Cultures at Community Colleges projects enabled community college faculty and administrators to participate in sustained programs of faculty and curriculum development. They worked with leading scholars to develop new curricula and courses, participated in a sustained program of study and guidance, exchanged ideas through digital technology, and presented products such as syllabi and research products at a concluding conference. Community college faculty who participated in these projects will reach approximately 23,128/23,128 students annually.

3) Support efforts of faculty at Historically Black Colleges and Universities, Hispanic- Serving Institutions, and Tribal Colleges and Universities to deepen their knowledge in the humanities and strengthen their humanities offerings.

- FY 2016: Humanities Initiatives at Presidentially Designated Institutions provided 10/9 grants to support faculty professional development activities for improvement in humanities instruction, as well as other capacity building activities at these institutions.
- FY 2015: Humanities Initiatives at Presidentially Designated Institutions provided 9/9 grants to support faculty professional development activities for improvement in humanities instruction, as well as other capacity building activities at these institutions.
- FY 2014: Humanities Initiatives at Presidentially Designated Institutions provided 10/10 grants to support faculty professional development activities for improvement in humanities instruction, as well as other capacity building activities at these institutions.
- FY 2013: Humanities Initiatives at Presidentially Designated Institutions provided 8/10 grants to support faculty professional development activities for improvement in humanities instruction, as well as other capacity building activities at these institutions.

4) Develop and support NEH's EDSITEment web portal as a means of enriching online teaching and learning resources available to teachers, students, and parents. (New indicator in FY 2015.)

- FY 2016: Special encouragement was provided for projects that will produce materials for inclusion on EDSITEment, the Endowment's nationally recognized website for K-12 teachers seeking rich humanities resources on the Internet.

- FY 2015: Special encouragement was provided for projects that will produce materials for inclusion on EDSITEMent, the Endowment's nationally recognized website for K-12 teachers seeking rich humanities resources on the Internet.

### ANALYSIS:

**Availability of data.** Because few of the above education projects supported by the Endowment during FY 2016 had concluded at the time this report was prepared, data are not yet available on the numbers of participating teachers and the numbers of students each teacher may be expected to affect annually. Most of the missing data on project outcomes will be supplied in the coming year as project personnel submit their regularly scheduled progress reports. We anticipate that we will be able to provide nearly complete data on the FY 2016 performance indicators in the FY 2017 PAR.

**FY 2016 accomplishments. [Indicator 1]** NEH Summer Seminars and Institutes have for more than four decades been one of the nation's premier forms of professional development in the humanities for college and university teachers and elementary and secondary school teachers. NEH offers these teachers opportunities to pursue serious, substantive intellectual inquiry in fields such as history, literature, religion, philosophy, foreign languages and government and civics. Working with distinguished scholars, participants deepen their knowledge of the subjects they teach and develop effective ways of bringing this understanding to their students. Increasingly, both seminars and institutes have been relying on digitized materials in addition to traditional printed books and articles.

NEH Summer Seminars enable sixteen participants to study under the guidance of a senior scholar. The principal goal is to equip teachers with deep understanding of their subject areas, to engage them in scholarly research and discussion, and to improve their teaching. In NEH Summer Institutes, participants undertake an intensive program of study with teams of humanities scholars who present a range of perspectives on a given topic. Well-suited to larger groups (as many as thirty-six), institutes are an effective forum for breaking new ground in an emerging field and for redirecting the teaching of various subjects in the pre-collegiate or undergraduate classroom.

NEH annually supports Summer Seminars and Institutes on a range of topics in the humanities. During the summer of 2016, for example, pre-collegiate literature teachers studied such topics as Charles Dickens's *Hard Times* and *A Tale of Two Cities*; Islamic poetry and related artistic expression; and Appalachia's literary and cultural heritage. History and social studies teachers, along with educators from other disciplines, were able to explore the political relationships between the United States and Russia from 1776 through the present; the Underground Railroad; or the works of political theorist Hannah Arendt. For 2016, college-level faculty studied, among other topics, the humanities in relation to scientific and contemporary concerns over sustainability; the Ottoman Empire and Mediterranean world in the early modern era; and the cultural and historical contexts of *Beowulf* in connection with Old Norse-Icelandic literary texts in translation.

Each summer, participants in the Seminars and Institutes programs are asked to evaluate the project they attend. The collective evaluations for each project then become part of the assessment materials panelists consider when they review proposals by directors to conduct a subsequent seminar or institute. Recently, the Endowment completed a report based on a systematic longitudinal evaluation of the measurable outcomes for the Seminars and Institutes for College and University Teachers program. As a result of this review, the Endowment in 2016 instituted the policy of reserving spaces each summer for contingent faculty, who teach a high percentage of humanities classes at the college level, and we lowered the cap on the number of weeks for each project while increasing the number of participants per program.

The Landmarks of American History and Culture program supports summer workshops to educate K-12 teachers in the use of historical and cultural sites in teaching central themes and topics in American history. The program also encourages staff at the sites to improve their professional development programs. Landmarks workshops are held at or near presidential residences and libraries, colonial-era settlements and missions, forts and battlefields, industrial centers, and sites associated with notable writers, architects, and artists. The workshops are academically rigorous, involve leading scholars, and help participants develop new teaching resources. Projects accommodate thirty-six teachers at one-week sessions, which are offered twice during the summer. In the summer of 2016, school teachers studied such topics as “Demon Times: Temperance, Immigration, and Progressivism”; “Inventing America: Lowell and the Industrial Revolution”; “Civil Liberties in Times of Crisis: The Japanese American Internment”; and “Mesa Verde National Park and the Construction of Pueblo Indian History.”

Enduring Questions Course Grants provide opportunities for higher educational institutions to design a new course for undergraduate teaching and learning that promotes engagement with fundamental issues in the humanities. The purpose of this program is to encourage faculty and students at the undergraduate level to grapple with important humanities issues and to join together in deep, sustained programs of reading in order to encounter influential thinkers over the centuries and into the present day. In FY 2016, 20 Enduring Questions awards supported an effort at Butler University in Indianapolis to develop and teach a new course for sophomores on freedom; and they supported a new undergraduate course at the University of Rochester that will explore historical, cultural, and scientific approaches to creativity. (In FY 2017, Enduring Questions will be replaced by the new Humanities Connections grant program, which seek to expand the role of the humanities in the undergraduate curriculum at two- and four-year institutions.)

Introduced in FY 2016, the Dialogues on the Experience of War program supports the study and discussion of important humanities sources about war, in the belief that these sources can help U.S. military veterans and others to think more deeply about the issues raised by war and military service. The humanities sources are drawn from history, philosophy, literature, and film—and they are typically supplemented by testimonials from those who have served. The discussions are intended to promote serious exploration of important questions about the nature of duty, heroism, suffering, loyalty, and patriotism. This grant program is a part of the agency’s *Standing Together* initiative, which emphasizes the innovative ways in which the humanities can engage military veterans and communities. Seventeen awards were made in the round of this new grant competition.

**[Indicator 2]** Introduced in FY 2016, Humanities Initiatives at Community Colleges support community colleges' commitment to educating students on a variety of educational and career paths. The program funds curricular and faculty development projects that help strengthen humanities programs and/or incorporate humanistic approaches in fields outside the humanities. In its initial year, this new programs supported twelve projects, including, for example, a three-year project to create a humanities honors program with thematic emphasis on Appalachian culture at Patrick Henry Community College in Martinsville, Virginia.

**[Indicator 3]** Awards made in the Humanities Initiatives at Historically Black, Hispanic-Serving, and Tribal Colleges and Universities category may be used to enhance the humanities content of existing programs; to develop new humanities programs, such as foreign language programs, new humanities minors, first-year seminars, or summer bridge programs for high school students; to build ties among faculty at several institutions; and to take advantage of underused humanities resources, particularly as they pertain to the professions, such as medicine, law, business, or economics. Each project is organized around a core topic or set of themes.

In FY 2016, Howard University used its Humanities Initiatives award to implement a digital humanities project, developed in collaboration with the College Language Association and the Project on the History of Black Writing, that is digitizing the first fifty years of College Language Association Journal and selected African American novels, and redesigning four existing humanities division courses. Pima County Community College in Tucson, Arizona, is implementing an eighteen-month interdisciplinary project on border culture for faculty, students, and community, incorporating curriculum development, enhancement of writing skills, and a public dialog program. And, Cankdeska Cikana Community College, a Tribal college in Fort Totten, North Dakota, is implementing an eighteen-month interdisciplinary project on border culture for faculty, students, and community, incorporating curriculum development, enhancement of writing skills, and a public dialog program.

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

PERFORMANCE INDICATORS:

1) Support is provided to preserve and create intellectual access to humanities collections and resources. Supported activities include digitizing collections; arranging and describing archival and manuscript collections; cataloging collections of printed works, photographs, recorded sound, moving image, art, and material culture; preservation reformatting; preserving and improving access to humanities resources in "born digital" form; creating research tools and reference works; and developing technical standards, best practices, and tools for preserving and enhancing access to humanities collections.

- **FY 2016:** 30/30 projects will preserve and/or provide access to 6,800/(6,800) hours of recorded sound and video collections; 2,900/(2,900) linear feet of archival documents; and 3.5 million/(3.5 million) manuscripts, broadsides, oversize volumes, and other non-print materials.

- FY 2015: 27/27 projects will preserve and/or provide access to 1,000/(1,000) hours of recorded sound and video collections; 2,000/(2,000) linear feet of archival documents; and 1,500,000/(1,500,000) manuscripts, broadsides, oversized volumes, and other non-print materials.
- FY 2014: 26/26 projects are preserving and/or providing access to 927/(927) hours of recorded sound and video collections; 1,630/(1,630) linear feet of archival documents; and 2,205,502/(2,205,502) manuscripts, broadsides, oversized volumes, and other non-print materials.

Projects supported are helping 17/17 cultural institutions preserve and ensure continued access to their humanities collections institutions through preventive conservation measures.

- FY 2013: 28/28 projects are preserving and/or providing access to 44,464/(44,464) sound and video collections; 1,106/(1,106) linear feet of archival documents; and 1,757,598/(1,757,598) manuscripts, broadsides, oversized volumes, and other non-print materials.

Projects supported are helping 18/17 cultural institutions preserve and ensure continued access to their humanities collections institutions through preventive conservation measures.

2) Work in partnership with other institutions, such as the Library of Congress, to digitize and make more accessible historic U.S. newspapers, including newspapers printed in languages other than English.

- FY 2016: Supported projects will digitize hundreds of thousands of microfilm pages of historic newspapers.
- FY 2015: Supported projects are digitizing hundreds of thousands of microfilm pages of historic newspapers.
- FY 2014: Cooperative agreements are digitizing hundreds of thousands of microfilm pages of historic newspapers.
- FY 2013: Cooperative agreements are digitizing hundreds of thousands of microfilm pages of historic newspapers.

3) Support the creation of research tools and reference works of major importance to the humanities.

- FY 2016: Grants were made to 12/12 projects to begin or continue work on the preparation of dictionaries, atlases, encyclopedias, and textbases central to

knowledge and understanding of the humanities.

- FY 2015: Grants were made to *10/10* projects to begin or continue work on the preparation of dictionaries, atlases, encyclopedias, and textbases central to knowledge and understanding of the humanities.
- FY 2014: Grants were be made to *10/10* projects to begin or continue work on the preparation of dictionaries, atlases, encyclopedias, and textbases central to knowledge and understanding of the humanities.
- FY 2013: Grants were be made to *11/11* projects to begin or continue work on the preparation of dictionaries, atlases, encyclopedias, and textbases central to knowledge and understanding of the humanities.

4) Work in partnership with the National Science Foundation to support projects to record, document, and archive endangered languages worldwide, with a special emphasis on endangered Native American languages. (New indicator in FY 2015.)

- FY 2016: *3/2* projects were supported for the creation of tools—such as bilingual dictionaries, grammars, and text collections—that document languages threatened with extinction.
- FY 2015: *4/4* projects were supported for the creation of tools—such as bilingual dictionaries, grammars, and text collections—that document languages threatened with extinction.

5) Support research that leads to new digital tools, technologies, national standards, best practices, and other methodologies for the preservation of collections and cultural resources.

- FY 2016: *8/8* are supporting the creation of new digital tools, technologies, national standards, best practices, and other methodologies for the preservation of collections and cultural resources.
- FY 2015: Support was provided for *4/4* awards for the creation of new digital tools, technologies, national standards, best practices, and other methodologies for the preservation of collections and cultural resources.
- FY 2014: Support was provided for *3/3* research and development projects concerned with standards and procedures.
- FY 2013: Support was provided for *3/3* research and development projects concerned with standards and procedures.

6) Support the training of staff from the nation's cultural repositories in the appropriate procedures for preserving and enhancing access to humanities collections.

- FY 2016: 6/8 awards were made for regional and national education programs that are providing training for 414,364/(552,485) people in U.S. museums, libraries, archives, and historical organizations.
- FY 2015: 4/4 awards were made for regional and national education programs that are providing training for 309,226/(309,226) people in U.S. museums, libraries, archives, and historical organizations.
- FY 2014: 4/4 awards were made for regional and national education programs that provided training for approximately 300,000/(300,00) people in U.S. museums, libraries, archives, and historical organizations.
- FY 2013: 8/8 awards were made for regional and national education programs that are providing training for 552,485/552,485 people in U.S. museums, libraries, archives, and historical organizations.

7) Provide support for basic preservation activities to small and mid-sized libraries, archives, museums, and historical organizations.

- FY 2016: Projects supported are assisting in preserving collections at 80/80 institutions in 30/30 states. Approximately 30 percent of the awards will go to first-time NEH grantees.
- FY 2015: Projects supported are assisting in preserving collections at 80/80 institutions in 32/32 states. Approximately 35 percent of the awards went to first-time NEH grantees.
- FY 2014: Projects supported assisted in preserving collections at 70/70 institutions in 30/30 states. Approximately 20 percent of the awards went to first-time NEH grantees.
- FY 2013: Projects supported assisted in preserving collections at 72/72 institutions in 30/30 states and Puerto Rico. Forty-four percent of the awards have gone to first-time NEH grantees.

#### ANALYSIS:

**Availability of data.** Accurate data on the performance of the preservation, access, research tools, and reference works projects that received NEH support during FY 2016 will be provided by the respective project directors in their regularly scheduled progress reports. To the extent partial data on FY 2016 activities are available, they are shown in parenthesis above. We expect to be able to report more complete FY 2016 data in the FY 2017 PAR.

**FY 2016 accomplishments. [Indicator 1]** The Endowment's Humanities Collections and Reference Resources program provides grants to projects that preserve and create intellectual access to collections that, because of their intellectual content or value as cultural artifacts, are considered highly important to the humanities. Grants support the digitization of collections to enhance their accessibility, as well as the creation of significant reference works. They also support preservation reformatting and de-acidification of humanities collections; arranging and describing archival and manuscript collections; and cataloging collections of printed works, photographs, recorded sound, moving images, and other materials important for humanities research and education.

This program recently introduced a new grant subcategory: Humanities Collections and Reference Resources Foundations grants. These grants support the formative stages of planning, assessment, and pilot activities for initiatives to preserve and create access to humanities collections or to produce reference resources. Drawing upon the cooperation of humanities scholars and technical specialists, such projects can help cultural institutions prepare for establishing intellectual control of collections, develop plans and priorities for digitizing collections, solidify collaborative frameworks and strategic plans for complex digital reference resources, or produce preliminary versions of online collections or resources. A recent Foundations grant directly addresses NEH's new *Standing Together* initiative. Chapman University in Orange, California, is digitizing a sampling of documents from the Andrew Carroll collection of war letters, an extraordinary assemblage of 90,000 pieces of wartime correspondence written by American military service men and women from the Revolutionary era to the present. This project, which also entails preliminary arrangement and description work, will lay the necessary intellectual and technical groundwork for the digitization of the entire collection.

The Endowment also encourages efforts to preserve and create access to significant humanities collections of sound recordings and moving images—an indispensable source of information on the history of the twentieth century. In FY 2016, support was provided for a planning project at the Organ Historical Society in Richmond, Virginia to enhance preservation of and access to a collection of 14,000 books and periodicals and 1,200 linear feet of organizational archives, photographs, sound recordings, moving images, and other sources pertaining to the history of the pipe organ and its uses, primarily in the United States.

America's cultural heritage is preserved not only in libraries, museums, and archives, but also in all of our homes, family histories, and life stories. Launched in 2015 as part of the Endowment's new initiative, *The Common Good: The Humanities in the Public Square*, the Common Heritage program, which made its first awards in FY 2016, captures this vitally important part of our country's heritage and preserves it for future generations. For example, support was provided for a one-day digitization event to be held at the Sonoma County Japanese American Citizens' League for former internees of the Amache Japanese internment camp located near Granada, Colorado, and their descendants. Items digitized included photographs, documents, posters, and three-dimensional objects. Digitization was organized by staff of Sonoma State University's Anthropological Studies Center; audiovisual materials were digitized off-site at the University.

The Endowment's Sustaining Cultural Heritage Collections program helps cultural repositories nationwide to ensure the preservation of books and manuscripts, photographs, sound recordings and moving images, archaeological and ethnographic artifacts, art, and historical objects. In FY 2016, for example, the Computer History Museum in Mountain View, California received support for a project to evaluate optimal environmental parameters in two buildings housing the largest international collection of computing artifacts in the world, encompassing computer hardware, software, documentation, ephemera, photographs, oral histories, and moving images.

**[Indicator 2]** With digital technology, there is now a means of providing full-text searching of newspaper content. In pursuit of this objective, NEH and the Library of Congress signed a memorandum of understanding in 2004, renewed in 2009 and in 2014, establishing a partnership to create the National Digital Newspaper Program. Under the terms of this partnership, over a period of approximately twenty years the Endowment will provide grants to an institution or organization in each state and territory to digitize titles published between 1836 and 1922 and to prepare fully searchable files that the Library of Congress will maintain permanently online.

The National Digital Newspaper Program is a complex undertaking that will be implemented in successive phases. To date, the NEH has provided support under this grant category for thirty-six state projects, each of which is contributing approximately 300,000 pages of digitized newspapers. Recently, NEH welcomed two new state partners: Delaware and Wisconsin. Thus far, ten million pages of historic American newspapers have been digitized through NDNP, with many millions more to follow. The selected pages, along with title essays and a directory of all newspapers published in the U.S. from 1690 to the present, are publicly accessible online through the *Chronicling America* website (<http://chroniclingamerica.loc.gov/>). In FY 2016, NEH sponsored a contest to challenge members of the public to produce creative web-based projects using data culled from *Chronicling America*. The six award winners developed innovative applications for using the database to explore and exhibit untold stories found in historic U.S. newspapers.

Many projects are now also digitizing U.S. newspapers published in French, German, Italian, and Spanish, thus providing access to the nation's vibrant ethnic and immigrant press.

**[Indicator 3]** In FY 2016, the Humanities Collections and Reference Resources program provided support to continue work on the *History of Cartography*. Produced by an international group of scholars, this seminal reference resource includes maps and explanatory information covering most continents from prehistory through the 20th century. This most recent NEH award supports the writing, editing, design, and verification for volumes, in both print and digital form, pertaining to the history of mapmaking during the era of the European Enlightenment and the 19<sup>th</sup> century.

**[Indicator 4]** The Endowment supports the creation of tools—such as bilingual dictionaries, grammars, and text collections—that document languages threatened with extinction. Of the 6,000 to 7,000 currently spoken languages, at least 3,000 are endangered, including hundreds of American Indian languages, which are our highest priority. In 2005, NEH and the National Science Foundation established a joint, multi-year special initiative, “Documenting

Endangered Languages,” to support linguistic projects that exploit digital technology. Grants support fieldwork and other activities relevant to recording, documenting, and archiving endangered languages, including the preparation of lexicons, grammars, text samples, audio recordings, and databases. For example, in FY 2016, the Endangered Language Fund, Inc. received support to complete a linguistic database for the nearly extinct language Achumawi, a heritage language of the Pit River tribe in Northern California.

**[Indicator 5]** Preservation and Access Research and Development awards support efforts to formulate new ways to preserve materials of critical importance to the nation’s cultural heritage—from fragile artifacts and manuscripts to analog recordings and digital assets subject to technological obsolescence—as well as to develop advanced modes of discovering and using such materials. Research and Development grants are helping, for example, to devise innovative ways to protect and slow the deterioration of humanities collections through the use of sustainable preservation strategies; develop technical standards, best practices, and tools for preserving humanities materials that are "born digital"; and ensure that collections of recorded sound and moving images that represent a major part of the record of the twentieth century will remain accessible to future generations.

**[Indicator 6]** Complementing the Endowment's support for preserving and establishing access to a variety of cultural resources are its grants for projects to increase the ability of the nation's libraries, archival repositories, and museums to care for their collections. NEH supports regional preservation field services to help ensure that smaller cultural institutions across the country receive the kind of advice and knowledge they need to preserve their collections; and NEH supports academic programs that train the next generation of conservators responsible for the protection of the nation’s cultural heritage in museums, libraries, and archives across the country. NEH has also helped museums, libraries, archives, and historical organizations improve their ability to plan and respond to disasters. For example, NEH is supporting the efforts of the Western States and Territories Preservation Assistance Service (WESTPAS) to help cultural repositories deal with floods, fire, earthquakes, and other disasters that could threaten their collections. A recent grant has enabled WESTPAS to provide a series of workshops and webinars on disaster planning for the staff of heritage institutions in eleven Western states and in the remote Pacific territories. Training sessions involve writing disaster plans, testing the plans to identify institutional vulnerabilities, and promoting networking to increase the effectiveness of disaster response. WESTPAS also offers free consultation to institutions with preservation needs, including 24/7 emergency phone and reference service.

**[Indicator 7]** Smaller cultural repositories constitute the large majority of collecting institutions in the United States. These organizations often lack the resources to address the preservation needs of their collections. The Endowment’s Preservation Assistance Grants provide small and mid-sized libraries, archives, museums, and historical organizations with awards of up to \$6,000. Funds support on-site consultation by a preservation professional, enable staff to attend preservation training workshops, and help purchase preservation supplies and equipment. In the fifteen years since the program began, 1,803 grants have been made to institutions in all 50 states, the District of Columbia, Puerto Rico, and the Virgin Islands. More than 40 percent of these Preservation Assistance Grants represent a first award from the Endowment, good evidence that this grant program effectively reaches institutions not previously served by NEH.

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

PERFORMANCE INDICATORS:

1) Support efforts by museums and historical organizations to produce interpretive exhibitions and educational materials that convey significant humanities themes and topics.

- FY 2016: 50/33 grants are supporting exhibitions, web-based programs, and other public education programs that will employ various delivery mechanisms at museums and historical organizations across the country.
- FY 2015: 30/30 grants are supporting exhibitions, web-based programs, and other public education programs will employ various delivery mechanisms at museums and historical organizations across the country.
- FY 2014: 30/30 exhibitions, reading, viewing, and discussion programs, web-based programs, and other public education programs employed various delivery mechanisms at venues across the country.
- FY 2013: 28/28 exhibitions, reading, viewing, and discussion programs, web-based programs, and other public education programs employed various delivery mechanisms at venues across the country.

2) Support substantive documentary films, radio programs, and online media presentations that advance public understanding of the humanities and promote citizen engagement in consideration of humanities issues and themes.

- FY 2016: 16/27 grants for television/radio projects will produce 52/(88) broadcast hours and draw a cumulative audience of approximately 20/(88) million people.
- FY 2015: 30/30 grants for television/radio projects will produce 105/(105) broadcast hours and draw a cumulative audience of approximately 35.5/(35.5) million people.
- FY 2014: 30/30 television/radio projects will produce 105/(30) broadcast hours and draw a cumulative audience of approximately 35.5/(35.5) million people.
- FY 2013: 28/28 television/radio projects will produce 98/(98) broadcast hours and draw a cumulative audience of approximately 33/(33) million people.

3) Support high quality interpretative panel exhibitions and public programs that interpret the humanities at selected libraries, museums, and cultural organization across the nation through small grants.

- FY 2016: 30/30 grants were made to libraries, museums and cultural organizations that receive smaller versions of NEH-funded exhibitions through the NEH on the Road cooperative agreement to be used for additional public programming.
- FY 2015: 29/29 grants were made to libraries, museums and cultural organizations that receive smaller versions of NEH-funded exhibitions through the NEH on the Road cooperative agreement to be used for additional public programming.
- FY 2014: 29/29 grants were made to museums that receive smaller versions of NEH-funded exhibitions through the NEH on the Road cooperative agreement to be used for additional public programming. *Twenty-five/25* grants were made through the American Library Association (ALA) for the exhibition project *Dust, Drought, and Dreams Gone Dry: A Traveling Exhibit*, and 50 grants were made through an interagency agreement with the Smithsonian Institution to humanities organizations that are hosting the traveling exhibition, *Changing America*.
- FY 2013: 28/26 NEH on the Road grants were made to museums, and 115/232 Small Grants to Libraries were awarded. An additional 473 small grants were made through a Cooperative Agreement with the Gilder Lehrman Institute for venues that will host the “Created Equal” film programs; and 50/50 small grants are anticipated through an Interagency Agreement with the Smithsonian Institution, for venues that will host the “Changing America” exhibition.

4) Support humanities projects that make creative use of new technologies to enhance the quality and reach of public humanities programming. (New indicator in FY 2015.)

- FY 2016: 10/5 digital projects are producing online and mobile games and virtual environments, innovative interpretive websites, mobile applications, virtual tours, and other digital formats to engage citizens in thoughtful reflection on culture, identity, and history.
- FY 2015: 6/6 digital projects are producing online and mobile games and virtual environments, innovative interpretive websites, mobile applications, virtual tours, and other digital formats to engage citizens in thoughtful reflection on culture, identity, and history.

## ANALYSIS:

**Availability of data.** The time that elapses between an initial NEH project grant and the appearance of a completed film, exhibition, or library program may extend from six months to many years. Most of the public programs that received NEH support during FY 2016 are currently in development, and data for the associated performance indicators are not available, even in partial form. However, a more complete picture of the results of these projects will emerge cumulatively in subsequent editions of the NEH PAR. Increasingly, the Endowment's Grants Management System (GMS) database will facilitate the aggregation of data about the products, such as films and exhibitions that result from activities supported by specific NEH grants. Current and past grantees can now input data about such additional project as outcomes, journal articles, websites, documentary films, museum exhibitions, conferences, workshops, computer software, new buildings or equipment, and academic prizes, or about media coverage, such as a book review, newspaper article, or radio interview.

**FY 2016 accomplishments.** The Endowment supports activities that engage millions of Americans in the study and interpretation of significant humanities works, ideas, and events, providing opportunities for people to engage in lifelong learning in history, literature, comparative religion, philosophy, and other fields of the humanities.

**[Indicator 1]** The Endowment is a major source of support for substantive humanities programs in the nation's historical and cultural institutions, such as museums, libraries and archives, historic sites, and community centers. These projects include exhibitions of artistic, cultural, and historical artifacts; the interpretation of American historic sites; reading and film discussion series in the nation's libraries; lecture series; and other lifelong learning activities. Exhibitions supported by the Endowment also encourage civic engagement at museums in thousands of communities across the nation, connecting audiences to their community's heritage and to each other.

At any time, hundreds of NEH-sponsored exhibitions are on view at large and small museums and historical sites throughout the country, enabling Americans to learn more about their nation and the world through the humanities. In FY 2016, The Historic New Orleans Collection received NEH support to implement a national touring exhibition, *Purchased Lives: The American Slave Trade from 1808 to 1865*. Comprising a traveling exhibition with original artifacts; an illustrated catalog; a slate of related public programs; and a facsimile-based panel exhibition, this important exhibition will examine New Orleans's role as the country's largest and most profitable slave market. Also in FY 2016, the Minnesota Historical Society received major implementation funding for a traveling exhibition, a website, and public programs examining the history of World War I and its impact on America. Opening in 2017, the exhibition will feature photo collages, film, music, digital interactives, and excerpts from oral histories.

*Created Equal: America's Civil Rights Struggle*, an Endowment initiative, encourages public conversations about the changing meanings of race, equality, and freedom in American civic life.

Launched in 2013 to coincide with the 150<sup>th</sup> anniversary of the Emancipation Proclamation, *Created Equal* provides a packaged set of NEH-funded films on Civil Rights history to 473 communities across the nation. Five powerful documentary films (*The Abolitionists*, *Slavery by Another Name*, *Freedom Riders*, *The Loving Story*, and *Freedom Summer*) are accompanied by a website ([www.createdequal.neh.gov](http://www.createdequal.neh.gov)) offering curriculum resources for teachers as well as guides for community discussions. As part of the *Created Equal* project, a traveling Smithsonian exhibition, *Changing America: The Emancipation Proclamation, 1863, and The March on Washington, 1963* opened in February 2014 in Peoria, Illinois and Yanceyville, North Carolina. The exhibition is currently traveling to fifty museum and public library venues across the nation. Small grants from NEH are supporting scholar-led public discussions at the exhibition sites.

Many of the Endowment's projects in museums and libraries have made a profound difference in vulnerable communities—for example, discussion programs for incarcerated teens; family reading programs that help break the cycle of illiteracy by encouraging parents and children to read together; and museum exhibits that involve senior citizens in cross-generational dialogues. NEH support enables museums, libraries, and cultural organizations to reach underserved groups and to engage them in thoughtful consideration of humanities ideas. Recently, the New York Botanical Garden's exhibition *Emily Dickinson's Garden*, for example, was accompanied by workshops for teachers in the Bronx focused on teaching literacy through poems. For both the *Emily Dickinson* project and another NEH-funded exhibition exploring the central role of plants in the art of Mexican painter Frida Kahlo, the Garden committed to extensive outreach to underserved students in forty-nine local schools.

The Endowment is in the final year of a multi-year study to collect data on the reach and impact of NEH-funded public humanities projects. Approximately half of funded projects currently engage in formal or informal evaluation. Many recipients of NEH planning grants, for example, use a portion of their planning funds to support front-end or formative evaluation, which museums typically employ to help shape the content and interpretive strategies of an exhibition. The Endowment's application guidelines now require an evaluation plan of all grantees.

A new audience survey is being piloted at each of the 473 sites conducting film screenings as part of the *Created Equal* project. Audience surveys and detailed final reports gathered from 207 *Created Equal* sites so far indicate that the program has had a significant impact in five specific ways: the programs deepen public understanding of Civil Rights history; provide a safe and respectful forum where difficult discussions of race in America can take place; cultivate new audiences for humanities programming across the nation; bring communities together across racial lines and across generations; and change attitudes, prompting many participants to re-examine their assumptions about race, freedom, and equality

**[Indicator 2]** NEH supports media projects—principally film documentaries and radio series—that explore significant figures and events in the humanities and examine the history and culture of America and other nations. The Endowment also encourages creative approaches—especially those that use new digital technologies—that expand the content and reach of television and radio programs in the humanities. To ensure that humanities themes and questions are well conceived, the agency requires that projects draw their content from humanities scholarship and

use a team of scholars who are knowledgeable in the subject matter and represent diverse perspectives and approaches.

When PBS broadcast *The Roosevelts: An Intimate History*, the seven-part, 14-hour documentary directed by Ken Burns, more than 33 million viewers tuned in to watch the series. Endowment-supported media projects continue to garner national recognition and awards for excellence. Among the projects honored with Peabody Awards in 2015 were two outstanding NEH-funded presentations—the film *Freedom Summer* and the radio program *AfroPop Worldwide*. *Freedom Summer*—produced for PBS’s *American Experience* series—uses archival film footage and new interviews to tell the story of the pivotal civil rights campaign of 1964. *AfroPop Worldwide*, a weekly, hour-long program and website (afropop.org), received a Peabody Institutional Award for its “pioneering role in the world music movement.” The program, broadcasting continuously since 1988, examines the music and culture of the African diaspora through a rich mix of in-the-field interviews, musical performances, and scholarly commentary.

Launched in 2010 and making its final grants in FY 2016, *Bridging Cultures through Film: International Topics* has provided support for documentaries that examine a critical issue in ethics, religion, or politics through an international lens; the life of a world leader, writer, or historical figure; or the history and culture of a specific region of the world. *Women, War and Peace: I Came to Testify*, the first *Bridging Cultures through Film* project to be broadcast, examined the impact on women of ethnic violence in the Balkans, documenting the first international tribunal to define sexual violence as a war crime. The initial broadcast reached over 3.6 million viewers, and the website and social media campaigns continue to deeply engage audiences across the nation.

Endowment-supported radio programs explore the lives of important individuals, historical events, and ideas. Recent projects include *The World in Words*, a weekly feature on Public Radio International, which discusses the ways that language shapes culture, history and politics. Reaching 2.7 million listeners per week and with 40,000 downloads each month, the program examines a wide range of topics related to language and meaning around the globe.

**[Indicator 3]** The Endowment is committed to extending the reach of high quality educational exhibitions to audiences throughout the country. To achieve this objective, the agency has for many years supported a program of small traveling exhibitions, delivering content-rich exhibitions and accompanying educational programs to more than 2,000 communities nationwide. The exhibitions include *Lincoln: The Constitution and the Civil War*, developed by the National Constitution Center. The Endowment administers these small grants as part of a single, larger block grant to a sponsoring organization, such as the National Constitution Center or the American Library Association, which has the resources to design and fabricate exhibitions and manage a multi-year, nationwide tour.

Another small grant program, NEH on the Road, circulates scaled-down versions of previously funded exhibitions to mid-sized museums throughout the country. The program extends the life of funded exhibitions by several years and also brings excellent humanities projects to rural and underserved regions of the nation. NEH provides support to each host site, awarding small grants of \$1,000 for local public programming and scholarly activities. NEH is particularly

interested in reaching museums that have annual operating budgets of between \$250,000 and \$1,000,000 and are located in communities of fewer than 300,000 people.

**[Indicator 4]** *Digital Projects for the Public* grants, supports the development of games, mobile applications, and other interactive platforms that provide of opportunities for public engagement with humanities content. In FY 2016, the University of Southern California was awarded \$350,000 to produce *Walden*, a unique video game based on the writing of Henry David Thoreau. The interactive game creates an immersive environment where players walk in the virtual footsteps of Thoreau, read excerpts from his journals, and experience the physical and visual details of his 1845 experiment in self-reliance. Designed by USC's Game Innovation Lab, the gameplay deftly weaves together primary sources, such as the writing of Thoreau and his contemporaries, and soundscapes of the Walden Pond environment.

**E: Maintain and strengthen partnerships with the state humanities councils.**

PERFORMANCE INDICATORS:

1) Support state council efforts to develop locally initiated humanities programs for the people in each state.

- FY 2016: Support for the programs and operations of the state humanities councils is making possible high quality locally initiated humanities programs throughout the nation, including 4,000/(4,000) reading and discussion programs, 625/(625) exhibitions, 1,100/(1,100) literacy programs, 1,100/(1,100) speakers bureau presentations, 725/(725) teacher institutes and workshops, 1,325/(1,325) conferences and symposia, 400/(400) Chautauqua events, 3,250/(3,250) media program events, 400/(400) technology projects, 190/(190) preservation projects, and 1,350/(1,350) local history projects.
- FY 2015: Support for the programs and operations of the state humanities councils is making possible high quality locally initiated humanities programs throughout the nation, including 4,000/(4,000) reading and discussion programs, 625/(625) exhibitions, 1,100/(1,100) literacy programs, 1,100/(1,100) speakers bureau presentations, 775/(725) teacher institutes and workshops, 1,375/(1,375) conferences and symposia, 400/(400) Chautauqua events, 3,250/(3,250) media program events, 400/(400) technology projects, 188/(188) preservation projects and 1,350/(1,350) local history projects.
- FY 2014: Support for the programs and operations of 56 state humanities councils will make possible high quality state and local humanities projects throughout the nation, including 17,900/(17,900) reading and discussion programs, 2,500/(2,500) exhibitions, 5,200/(5,200) literacy programs, 4,200/(4,200) speakers bureau presentations, 3,000/(3,000) teacher institutes and workshops, 5,700/(5,700) conferences and symposia, 1,850/(1,850) Chautauqua events, 6,000/(6,000) media program events, 1,500/(15,000) technology projects, 790/(790) preservation projects and 5,000/(5,000) local history projects.

- FY 2013: Support for the programs and operations of 56 state humanities councils will make possible high quality state and local humanities projects throughout the nation, including 15,900/15,900 reading and discussion programs, 2,200/2,200 exhibitions, 6,100/6,100 literacy programs, 3,800/3,800 speakers bureau presentations, 2,500/2,500 teacher institutes and workshops, 5,100/5,100 conferences and symposia, 1,760/1,760 Chautauqua events, 22,700/22,700 media program events, 1,240/1,240 technology projects, 700/700 preservation projects and 4,900/4,900 local history projects.

2) Encourage high quality council-conducted humanities programs in the various states. (New indicator in FY 2015.)

- FY 2016: Support for the programs and operations of the state humanities councils is making possible high quality council-conducted humanities programs throughout the nation, including 12,000/(12,000) reading and discussion programs, 1,875/(1,875) exhibitions, 3,300/(3,300) literacy programs, 3,300/3,000 speakers bureau presentations, 2,325/(2,325) teacher institutes and workshops, 4,125/(4,125) conferences and symposia, 1,200/(1,200) Chautauqua events, 9,750/(9,750) media program events, 1,200/(1,200) technology projects, 560/(560) preservation projects and 4,050/(4,050) local history projects.

- FY 2015: Support for the programs and operations of the state humanities councils is making possible high quality council-conducted humanities programs throughout the nation, including 12,000/(12,000) reading and discussion programs, 1,875/(1,875) exhibitions, 3,300/(3,300) literacy programs, 3,300/3,000 speakers bureau presentations, 2,325/(2,325) teacher institutes and workshops, 4,125/(4,125) conferences and symposia, 1,200/(1,200) Chautauqua events, 9,750/(9,750) media program events, 1,200/(1,200) technology projects, 562/(562) preservation projects and 4,050/(4,050) local history projects.

3) Encourage state humanities councils in their efforts to create and support humanities-rich websites and digital projects. (New indicator in FY 2015.)

- FY 2016: Support for the programs and operations of the state humanities councils is making possible 1,500/(1,500) high technology projects.
- FY 2015: Support for the programs and operations of the state humanities councils is making possible 1,000/(1,000) high technology projects.

4) Support state humanities councils in ongoing collaborations with colleges and universities, museums, libraries, historical societies, and other institutions.

- FY 2016: 5,200/(5,200) collaborations with colleges and universities, museums, libraries, historical societies, and other institutions were

conducted.

- FY 2015: 5,000/(5,000) collaborations with colleges and universities, museums, libraries, historical societies, and other institutions were conducted.

5) Recognize and encourage council activities that promote civil discussion, particularly of issues that divide Americans. (New indicator in FY 2015.)

- FY 2016: 5,500/(5,500) programs to promote civil discussion will be conducted.
- FY 2015: 5,000/(5,000) programs to promote civil discussion were conducted.

#### ANALYSIS:

**Availability of data.** The above performance data about programmatic activities undertaken by the state humanities councils as a result of funding awarded by the Endowment in FY 2016 are preliminary. Final data will be provided by the councils via a newly instituted electronic submission system.

**FY 2016 accomplishments.** State humanities councils are nonprofit 501(c)(3) organizations governed by volunteer boards of directors. They operate in each of the fifty states as well as in the District of Columbia, Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, and Amerika Samoa. In FY 2016, the Endowment also supported a workshop and training sessions to develop a new humanities council in the U.S. Virgin Islands. The councils were established to fulfill the requirement in the agency’s enabling legislation—National Foundation on the Arts and the Humanities Act of 1965, as amended—that the Endowment support humanities programs “in each of the several states.”

State councils receive funds each year from the NEH appropriation according to a statutory formula. In accordance with the federal mandate, every NEH dollar that a council receives is matched by local contributions of cash, goods, or services. As federally mandated, every NEH dollar a council receives is matched by local contributions of cash, goods, or services. In fact, councils leverage \$5.00 for every federal dollar awarded in NEH grants to them. They work with more than 9,340 partner organizations and conduct programs in nearly 6,110 communities nationwide. State humanities councils may grant a portion of their funds on a competitive basis to locally initiated programs; they may also develop and carry out their own programs. In their grant making role, they act as foundations from which eligible organizations and individuals seek funding; in their program-generating role, they are nonprofit service providers drawing on their own resources and looking to the public to support the benefits they offer.

**[Indicator 1]** Thousands of humanities projects and programs reach millions of Americans in rural areas, urban neighborhoods, and suburban communities every year. With funds provided through the NEH Federal/State Partnership, the councils provide support for reading and discussion programs for children, families, and the newly literate that take place in libraries and other community centers; for state and local book festivals, as well as the participation of 10-12 councils in the annual National Book Festival sponsored by the Library of Congress’s Center for

the Book; for professional development in the humanities for elementary and secondary school teachers; for scholarship and stories about state and local history and culture, such as thematically focused magazines and comprehensive online state encyclopedias; for exhibitions at museums, libraries, and historical sites; and for radio, television, and film projects about human experience and history. They carry out an ever-increasing amount of programming and communications electronically using social networking, podcasting, and RSS feeds in addition to websites and electronic newsletters. A number of councils post videos about their activities on YouTube, and council activities are featured regularly on the NEH website and in its acclaimed journal, *Humanities*.

**[Indicator 2]** Examples of council-conducted programs include the Talking Service Program, a reading and discussion program that allows veterans to reflect on their service as well as the challenges and opportunities of transitioning from active duty to civilian life. Together with the Great Books Foundation, the New York Council gained permissions to reprint numerous excerpts of war-themed literature, ranging from notable classics like Tim O’Brien’s *The Things They Carried* to acclaimed work by more recent veterans, including National Book Award Winner Phil Klay, award-winning poet Brian Turner, and Purple-Heart recipient Benjamin Bush. The collection, *Standing Down: From Warrior to Civilian*, is proving to be invaluable psychological and intellectual “equipment” for veterans. The councils in Florida, Georgia, Kentucky, Montana, New Mexico, New York, Tennessee, Virginia, and Washington are now sponsoring Talking Service programs. In addition, NEH awarded the Maine Humanities Council \$150,000 to expand its council-conducted project, *Literature & Medicine for Veterans* program, which is working directly with officials of the Department of Veterans Affairs to support small-group veteran reading and discussion programs at VA facilities. Humanities councils in Alaska, Alabama, Arizona, California, Illinois, Indiana, Maine, Maryland, North Carolina, Oregon, South Dakota, Vermont, and Wyoming are also participating in this program.

**[Indicator 3]** The state councils are aggressively exploiting the new digital media to deliver humanities-rich programs to a broad public in the communities where they live. The Kansas Humanities Council, for example, recently co-hosted two days of interviews for the national oral history project StoryCorps, and created Shared Stories of the Civil War, which presents scripts about events in Kansas that can be followed on Twitter. The Rhode Island Council for the Humanities launched its pilot Rhode Tour historic tourism smartphone app in collaboration with Brown University, and Humanities Nebraska provides information about its annual Chautauqua program by means of a free smartphone app.

**[Indicator 4]** Schools, libraries, historical societies, museums, literacy programs, filmmakers, teachers, researchers, writers, and storytellers are among the many types of individuals and cultural organizations with which the state humanities councils work. Councils also successfully collaborate with other partners such as these to bring the humanities to a wide range of community activities, especially in the areas of public policy, literacy, and social service. Councils routinely collaborate, for example, with businesses, educational institutions, museums, community leadership groups, state libraries, historical societies, local government archives, farm bureaus, and state fairs. By leveraging the strength of their partnership with the NEH, state councils gain both material support and additional partnership opportunities at the local level—

all in the service of bringing funds, resources, expertise, networks, and leadership to the communities and organizations they serve.

**[Indicator 5]** State-based humanities councils strengthen the bonds of community by making it possible for citizens to come together in neutral surroundings to address such issues as the economy, healthcare, demographics, energy, and education through discussions informed by history and literature. These in-depth explorations of critical and potentially divisive issues not only encourage citizens to be more thoughtful and better informed. They also increase citizen engagement in public life and bring people together to work toward common goals in shaping the future of their community and nation. Several councils host programs in restaurants, cafes, and bars that attract a younger demographic to participate in scholar-led discussions about such important topics as marriage and family life (Oregon), African-Americans and American Indians in film (Washington), the intricacies of living in a networked world (Maine), and dialects and vocabulary in Washington, DC. These programs are vitally important to strengthening communities and fostering understanding. In that way, they are related to one of the most successful programs in NEH history, Prime Time Family Reading Time, begun in 1991 by the Louisiana Endowment for the Humanities. Prime Time, which continues to thrive and spread across the country, is an award-winning program that has produced substantial improvements in literacy and student achievement. The significant humanities impact of Prime Time is measurable in terms of student outcomes (as shown in the 10-year longitudinal study, “Stemming the Tide of Intergenerational Illiteracy,” published in 2010), but its impact in terms of strengthening communal and familial bonds is inestimable.

**F: Provide a focal point for development of the digital humanities.**

PERFORMANCE INDICATORS:

1) Provide national leadership in spurring innovation and best practices in the digital humanities. (New indicator in FY 2015.)

- FY 2016: 16/18 Digital Start-Up projects and 6/8 Digital Implementation projects are setting the pace for innovation within humanities research and education. These projects will receive extensive media coverage and have a national and international impact on how new scholarship is conducted.
- FY 2015: 20/20 Digital Start-Up projects and 6/6 Digital Implementation projects are setting the pace for innovation within humanities research and education. These projects will receive extensive media coverage and have a national and international impact on how new scholarship is conducted.

2) Encourage and support innovative digital projects and programs that will enhance the way humanities research is conducted and the way the humanities are studied, taught, and presented in the United States. (New indicator in FY 2015.)

- FY 2016: 4/4 national summer institutes training American scholars on digital methods for humanities research were supported. These methods, including

geospatial analysis, data mining, sound analysis, information retrieval and visualization, and others, will lead to new research across humanities domains.

- FY 2015: 5/5 national summer institutes training American scholars on digital methods for humanities research were supported. These methods, including geospatial analysis, data mining, sound analysis, information retrieval and visualization, and others, will lead to new research across humanities domains.

#### ANALYSIS:

**Availability of data.** Accurate data on the performance of the digital humanities projects that received NEH support during FY 2016 will be provided by the respective project directors in their regularly scheduled progress reports. To the extent partial data on FY 2016 activities are available, they are shown in parenthesis above. We expect to be able to report more complete FY 2016 data in the FY 2017 PAR.

**FY 2016 accomplishments.** The Office of Digital Humanities fosters the development of world-class, leading-edge research and education in the emerging field of digital humanities. In a world that is increasingly reliant upon digital technology, computationally intensive research methods have become critically important to the humanities, as well as to many other disciplines.

**[Indicator 1]** Digital Start-Up Grants is a “seed grant” program that is designed to spur innovative research and education projects in the digital humanities. The program takes a “high risk/high reward” approach, trying to identify exciting new research by American scholars, universities, libraries, archives, or non-profits that use technology in an innovative way. These small grants (ranging from \$40,000 to a maximum of \$75,000) result in plans, prototypes, or demonstration models for long-term digital humanities projects.

In FY 2016, Washington and Lee University received a Digital Start-Up grant in support of the *Ancient Graffiti Project*, which will develop a web-based resource documenting handwritten inscriptions found within the ruins of the early Roman Empire, with a focus on the town of Herculaneum as a pilot case. Ancient graffiti, which include drawings, are difficult to locate in text-based search engines. The project will develop a web-based resource to document and visualize over 500 inscriptions from over 100 individual buildings. These include informal messages, prayers, poetry, and drawings, all uncovered in their original context on the town’s surviving walls.

The Digital Humanities Implementation Grants program targets projects that have already demonstrated a successful beginning phase and that have a clear plan for moving towards full implementation. The program offers larger grants than the Start-Up Grants program to enable projects to develop fully and have maximum impact on the field. While many of the applicants are former Start-Up grantees, the program is also open to other researchers who have successfully completed initial planning phases of their project. For example, in FY 2016 Vanderbilt University received a Digital Implementation Grant to create robust systems for preserving and accessing Vanderbilt’s Ecclesiastical and Secular Sources for Slave Societies Digital Archive, a longstanding digital resource on the history of African and Afro-descended people. The project will also conduct outreach to scholarly communities, Historically Black

Colleges and Universities, and the general public to encourage further awareness and use of these collections.

In FY 2016, the Humanities Open Book was introduced to make outstanding, out-of-print humanities books available to a wide audience. By taking advantage of low-cost “e-book” technology, this program will allow teachers, students, scholars, and the public to read thousands of humanities books. Most humanities books sell only a small number of copies, primarily to academic libraries, and then quickly go out of print. Thus, the vast majority of humanities scholarship funded by NEH or other sources is found in books that are now out of print and largely out of reach to scholars and general readers. With this new grant program, NEH, along with our partners at the Mellon Foundation, will award grants to publishers to turn thousands of high-quality, peer reviewed humanities books into free-to-download e-books that can be read on any computer, e-reader, or smartphone. These books will be a rich resource for teachers, students, academics, scientists, and general readers and will cover a vast range of topics, from American and world history to literature, philosophy, archeology, the history of science, and many others. Cornell University Press has just released the first seven e-book titles supported under the new Open Book program: <http://www.cornellopen.org/>.

[**Indicator 2**] The Institutes for Advanced Topics in the Digital Humanities program encourages the sharing of best technology practices among humanities scholars. The program sponsors training workshops that allow scholars to learn about these new, advanced technologies, tools, and techniques in the digital humanities. An Institutes for Advanced Topic grant awarded in FY 2016 is supporting a two-week summer institute and follow-up workshop for 12 participants to explore network analysis approaches to early modern studies. The institute, hosted at the Folger Shakespeare Library, will examine the ways in which early modern correspondence, manuscripts, social networks in plays, and networks of co-occurring words inform our understanding of a broad range of themes across early modern studies.

**G: Strengthen the institutional base of the humanities through financial incentives provided by matching challenge grants.**

PERFORMANCE INDICATORS:

1) Encourage cultural and educational institutions to engage in long-range planning in order to strengthen their humanities programs intellectually and financially.

- FY 2016: 24/24 cultural and educational institution are engaging in long- range planning with the encouragement of an NEH Challenge Grant.
- FY 2015: 22/22 cultural and educational institution are engaging in long- range planning with the encouragement of an NEH Challenge Grant.

2) Encourage efforts of cultural and educational institutions to attract nonfederal contributions to their humanities resources and activities.

- FY 2016: By FY 2020, NEH Challenge Grants awarded in FY 2016 will generate at least an equivalent amount in nonfederal donations to recipient

institutions in support of their humanities activities.

- FY 2015: By FY 2019, NEH Challenge Grants awarded in FY 2015 will generate more than \$32/(\$32) million in nonfederal donations to recipient institutions in support of their humanities activities.
- FY 2014: By FY 2018, NEH Challenge Grants awarded in FY 2014 will generate more than \$20/(\$20) million in nonfederal donations to recipient institutions in support of their humanities activities.
- FY 2013: By FY 2017, NEH Challenge Grants awarded in FY 2013 will generate more than \$30/(\$30) million in nonfederal donations to recipient institutions in support of their humanities activities.

3) Support the efforts of cultural and educational institutions to use digital technologies, where appropriate, in their humanities activities. (New indicator in FY 2015.)

- FY 2016: The efforts of cultural and educational institutions to use digital technologies will be encouraged.
- FY 2015: The efforts of cultural and educational institutions to use digital technologies were encouraged.

4) Encourage Historically Black Colleges and Universities, Hispanic-Serving Institutions, Tribal Colleges and Universities, and two-year colleges to take advantage of special Challenge grant opportunities designed with these institutions in mind. (New indicator in FY 2015.)

- FY 2016: Humanities Access grants are introduced to help support capacity building for humanities programs that benefit one or more of the following group: youth, communities of color, and economically disadvantaged populations. The first awards will be made in FY 2017.
- FY 2015: 2/7 Special Initiatives Challenge Grants were awarded to Presidentially-designated minority-serving institutions and two-year colleges. When completed, these challenges will leverage \$2 million/(\$0.7 million) in third-party support for these vital institutions.

#### ANALYSIS:

**Availability of data.** By FY 2020, NEH Challenge Grants awarded in FY 2016 would generate at least an equivalent amount in nonfederal donations to recipient institutions in support of their humanities activities. Because such campaigns may require years to reach their goal, the sums above represent a snapshot of current progress toward the recipients' multi- year fund-raising goals.

**FY 2016 accomplishments.** The National Endowment for the Humanities is an important source of assistance for strengthening the capacity of organizations to undertake and sustain significant humanities activities.

**[Indicator 1]** Successful challenge grants reflect careful strategic planning for the long-term strength of the humanities, including taking advantage of the leveraging power of NEH awards. In FY 2016, the University of Chicago was awarded a Next Generation Humanities Ph.D. grant that will support unified efforts to prepare humanities doctoral students for non-academic careers, expand intellectual horizons, extend analytical skills, and foster a cultural transformation in how the university envisages the societal impacts of humanistic experience. The University of Chicago’s new Professional Advancement for Training Humanities Scholars (PATHS) program will, with NEH support, permit an expansion of an existing integrated suite of seminars and conferences, skill-building resources, employer conversations, and experiential learning opportunities for humanists.

**[Indicator 2]** Since its inception in 1977, the NEH Challenge Grants program has generated more than \$2 billion in nonfederal funds for the humanities. (Adjusted for inflation, the amount generated equals more than \$4 billion.) A wide array of nonprofit organizations throughout the U.S., including museums, tribal centers, libraries, colleges and universities, scholarly research organizations, state humanities councils, public radio and television stations, and historical societies and sites, have taken up the NEH “challenge” to match federal support with nonfederal dollars as a means of strengthening their capacity for excellence in the humanities.

In FY 2016, the city of Cornelius, Oregon was awarded a \$500,000 Challenge Grant that will leverage an additional \$1.5 million in non-federal giving to support construction of a new public library. One of the only humanities providers in the area, the library offers services in Spanish and English, but has outgrown its current home. In an innovative mixed-use design, the City of Cornelius plans to construct a new building consisting of the ground-floor library with two floors of low-income senior housing above it. In addition to more space for expanded bilingual collections, there will be a community meeting room to host events, including programs held in partnership with Oregon Humanities.

**[Indicator 3]** In FY 2016, NEH Challenge Grants provided support for the institutional capacity that makes sustained use of advanced technology possible. For example, NEH awarded the San Francisco Museum of Modern Art \$500,000 to support digital engagement programs in the new Photography Interpretive Center. Endowed funds from an NEH Challenge Grant will support operating costs of the Center: software/hardware and supplies for the ongoing maintenance and refinement of rotating digital interpretive exhibits and essential staff costs.

**[Indicator 4]** The University of Texas, El Paso, a Hispanic-serving institution, was awarded a Next Generation Humanities Ph.D. planning grant to develop activities that will prepare humanities doctoral students for alternative career paths. Among other things, the project will stimulate collaboration among programs and students across disciplines; identify humanities alumni to participate in advising and mentoring programs; and partner with nonacademic institutions.

## **H: Stimulate third-party support for humanities projects and programs.**

### PERFORMANCE INDICATORS:

1) Encourage and support efforts of educational and cultural organizations to secure nonfederal sources of funding in support of humanities projects and programs. (New indicator in FY 2015.)

- FY 2016: Fund-raising by recipients of an NEH matching award generated more than *\$2.4 million*/**\$2.1** million in third-party support for humanities projects.
- FY 2015: Fund-raising by recipients of an NEH matching award generated more than *\$2.4/2.3* million in third-party support for humanities projects.

2) Leverage the private sector contributions of the nation's businesses, foundations, and philanthropic-minded individuals on behalf of humanities projects and programs. (New indicator in FY 2015.)

- FY 2016: NEH partnerships with the private-sector will generate support for exemplary activities in the humanities.
- FY 2015: NEH partnerships with the private-sector will generate support for exemplary activities in the humanities.

### ANALYSIS:

**Availability of data.** As a condition of their award, recipients of an NEH matching or Challenge grant must provide this agency regular reports as to the progress of their fund-raising efforts. As well, NEH collaborates closely with its partner organizations in public/private efforts such as those described below. The terms of this information sharing relationship are stipulated in a formal cooperative agreement.

### **FY 2016 accomplishments.**

**[Indicator 1]** Fund-raising by recipients of an NEH matching award generated more than \$2.09 million in third-party support for discrete humanities projects. Recipients of an NEH Challenge Grant leveraged an additional \$34 million in nonfederal donations in support of the long-term institutional goals of humanities organizations.

**[Indicator 2]** NEH has entered into formal partnership arrangements with several of its fellow agencies and with private foundations in order to collaborate on specific projects. Currently, the NEH administers the review and evaluation of applications to the Library of Congress's John W. Kluge Fellows Program, which provides stipends to junior scholars from the U.S. and abroad to conduct research in the Library's humanities collections; and, in collaboration with the Japan-United States Friendship Commission, it conducts the evaluation of applications and serves as

fiscal agent for a program to encourage American scholars' research on Japan. The Endowment maintains "Cultural Diplomacy" partnerships that includes a joint grant program with the German Research Foundation (Deutsche Forschungsgemeinschaft e.V., DFG) to develop and implement digital infrastructures and services for humanities research.

NEH is also cooperating with the Arts and Humanities Research Council, the Economic and Social Research Council, and the Joint Information Systems Committee of the United Kingdom; the Netherlands Organization for Scientific Research; and the Social Sciences and Humanities Research Council of Canada—as well as the Institute for Museum and Library Services and the National Science Foundation in the United States—in the Digging into Data Challenge, a jointly sponsored grant program supporting the development of new research methods in the digital humanities.

The Endowment has entered into two other federal partnerships in conjunction with agency-wide initiatives. NEH and the Library of Congress signed a memorandum of understanding establishing a partnership to create the National Digital Newspaper Program. Over a period of approximately 20 years, the Endowment will provide grants to institutions and organizations in each state of the nation to digitize titles published between 1836 and 1922 and to prepare fully searchable files that the Library of Congress will permanently maintain on the World Wide Web. The Endowment continues its multi-year funding partnership with the National Science Foundation in support of Documenting Endangered Languages, a program to provide NEH awards to scholars engaged in recording and preserving key languages before they become extinct. And, in collaboration with the Smithsonian Institution, NEH continued to sponsor a History Film Forum at the Smithsonian using documentary films supported in part by the Endowment.

The Endowment has also been alert to opportunities to pool NEH and private-sector resources in ways that make the most of each. One noteworthy example of this collaboration is EDSITEment, a nationally recognized destination for teachers seeking rich humanities resources on the Internet. EDSITEment is a partnership between the NEH and the National Trust for the Humanities, a non-profit charitable corporation formed in 1996 to support and extend the programs of the National Endowment for the Humanities. The website, EDSITEment, now contains over 500 scholar- and teacher-developed lesson plans for the K-12 classroom and links to more than 400 peer-reviewed sites selected for their high quality humanities content and interactive design. More than 2,700,000 visitors—teachers, students, and parents—avail themselves of EDSITEment's rich resources each year.

### III. FINANCIAL INFORMATION

#### **A Message from the Director of the Accounting Office**

On behalf of the National Endowment for the Humanities (Endowment), it is my pleasure to present the agency's audited financial statements for fiscal year 2016. I am happy to report that our independent auditor, Leon Snead and Company, P.C., has rendered an unmodified opinion on these statements. The Endowment has obtained an unmodified (clean) opinion on the agency's consolidated financial statements for the tenth consecutive year, indicating the Endowment's continued responsible stewardship of the taxpayer dollars with which it has been entrusted.

During this fiscal year, we successfully completed the upgrade of our Oracle financial system to release 12. The upgrade required numerous changes to long-standing queries and processes, but it also provided several opportunities to improve efficiencies in transaction processing, reconciliation, and reporting. Our office will continue to improve our processes where possible so that we can further streamline accounting operations and reporting.

Under the requirements of the Federal Managers' Financial Integrity Act of 1982, the NEH's management conducted its annual assessment and concluded that the system of internal controls, taken as a whole, complies with the internal control standards prescribed by Government Accountability Office (GAO) and provides reasonable assurance that the agency's goals and objectives are being met.

Receiving an unmodified opinion verifies that the Endowment's financial statements are fairly presented and demonstrates accountability in the execution of our fiduciary responsibilities. I want to express my sincere appreciation to all of the NEH staff members whose effort and dedication made the FY 2016 unmodified opinion possible.

Sean Doss  
Director, Accounting Office

October 31, 2016

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**National Endowment for the Humanities**  
**Audit of Financial Statements**

**As of and for the Years Ended**  
**September 30, 2016 and 2015**

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**Submitted By**

**Leon Snead & Company, P.C.**  
*Certified Public Accountants & Management Consultants*



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Rockville, Maryland 20850  
301-738-8190  
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## **Independent Auditor's Report**

Inspector General, National Endowment for the Humanities  
Chairman, National Endowment for the Humanities

We have audited the accompanying balance sheets of the National Endowment for the Humanities (NEH), as of September 30, 2016 and 2015, and the related statements of net cost, changes in net position, and budgetary resources (the financial statements) for the years then ended. The objective of our audit was to express an opinion on the fair presentation of those financial statements. In connection with our audit, we also considered the NEH's internal control over financial reporting and tested the NEH's compliance with certain provisions of applicable laws, regulations, contracts and grant agreements that could have a direct and material effect on its financial statements.

### **SUMMARY**

As stated in our opinion on the financial statements, we found that the NEH's financial statements as of and for the years ended September 30, 2016 and 2015, are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

Our consideration of internal control would not necessarily disclose all deficiencies in internal control over financial reporting that might be material weaknesses under standards issued by the American Institute of Certified Public Accountants. However, our testing of internal control identified no material weaknesses in financial reporting.

As a result of our tests of compliance with certain provisions of laws, regulations, and significant provisions of contracts and grant agreements, nothing came to our attention that caused us to believe that NEH failed to comply with applicable laws, regulations, contracts, and grant agreements that have a material effect on the financial statements insofar as they relate to accounting matters.

The following sections discuss in more detail our opinion on the NEH's financial statements, our consideration of NEH's internal control over financial reporting, our tests of the NEH's compliance with certain provisions of applicable laws and regulations, and management's and our responsibilities.

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of NEH, which comprise the balance sheets as of September 30, 2016 and 2015, and the related statements of net cost, statements of changes in net position, and statements of budgetary resources for the years then ended, and the related notes to the financial statements.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NEH as of September 30, 2016 and 2015, and the related net cost, changes in net position, and budgetary resources for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. Such responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to error or fraud.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and pertinent provisions of OMB Bulletin 15-02, *Audit Requirements for Federal Financial Statements* (the OMB audit bulletin). Those standards and the OMB audit bulletin require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments in a Federal agency, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing opinions on the effectiveness of the NEH's internal control or its compliance with laws, regulations, and significant provisions of contracts and grant agreements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **REQUIRED SUPPLEMENTARY INFORMATION AND REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION**

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and information about stewardship investments in non-Federal physical property be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information and required supplementary stewardship information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **OTHER ACCOMPANYING INFORMATION**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The performance measures, Summary of Management Challenges, Summary of Financial Statement Audit and Management Assurances, and reporting details related to the Improper Payments Improvement Act, as amended by the Improper Payments Elimination and Recovery Act, are presented for the purposes of additional analysis and are not required parts of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

## **OTHER AUDITOR REPORTING REQUIREMENTS**

### Report on Internal Control

In planning and performing our audit of the financial statements of NEH as of and for the years ended September 30, 2016 and 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the NEH's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the NEH's internal control. Accordingly, we do not express an opinion on the effectiveness of the NEH's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Because of inherent limitations in internal controls, including the possibility of management override of controls, misstatements, losses, or noncompliance may nevertheless occur and not be detected. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Report on Compliance

As part of obtaining reasonable assurance about whether the agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and significant provisions of contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain other laws and regulations specified in the OMB audit bulletin. We limited our tests of compliance to these provisions and we did not test compliance with all laws and regulations applicable to the NEH. Providing an opinion on compliance with certain provisions of laws, regulations, and significant contract provisions and grant agreements was not an objective of our audit and, accordingly, we do not express such an opinion.

In connection with our audit, nothing came to our attention that caused us to believe that NEH failed to comply with applicable laws, regulations, or significant provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the NEH's noncompliance with applicable laws, regulations, or significant provisions of laws, regulations, contracts, and grant agreements insofar as they relate to accounting matters.

### Restricted Use Relating to Reports on Internal Control and Compliance

The purpose of the communication included in the sections identified as "Report on Internal Control" and "Report on Compliance" is solely to describe the scope of our testing of internal control over financial reporting and compliance, and to describe any material weaknesses, significant deficiencies, or instances of noncompliance we noted as a result of that testing. Our objective was not to provide an opinion on the design or effectiveness of the NEH's internal control over financial reporting or its compliance with laws, regulations, or provisions of contracts or grant agreements. The two sections of the report referred to above are integral parts of an audit performed in accordance with *Government Auditing Standards* in considering the NEH's internal control over financial reporting and compliance. Accordingly, those sections of the report are not suitable for any other purpose.

Agency Comments and Auditor Evaluation

In commenting on the draft of this report, the management of NEH concurred with the facts and conclusions in our report. A copy of management's response accompanies this report.

*Leon Snead & Company, P.C.*

November 10, 2016

Rockville, MD



NATIONAL ENDOWMENT FOR THE

Humanities

OFFICE OF THE CHAIRMAN

November 8, 2016

Leon Snead  
Partner  
Leon Snead & Company, P.C.  
416 Hungerford Drive, Suite 400  
Rockville, MD 20850

Dear Mr. Snead:

Thank you for the opportunity to comment on the draft audit report of the National Endowment for the Humanities (NEH) for fiscal year 2016.

We concur with the facts and conclusions of your report. We are pleased to learn of the unmodified opinion on NEH's financial statements and to note that there were no material weaknesses or significant deficiencies identified during the audit.

We would like to express our appreciation for the hard work of you and your team of auditors throughout this year's audit cycle. The collegiality and professionalism of the audit team were instrumental in our efforts to prepare and submit all of the required information.

Sincerely,

Jeffrey Thomas  
Assistant Chairman for  
Planning and Operations

cc: Laura Davis  
Sean Doss



NATIONAL ENDOWMENT FOR THE

**Humanities**

## **Audited Financial Statements**

**As of and for the Years Ended September 30, 2016 and 2015**



NATIONAL ENDOWMENT FOR THE

Humanities

**NATIONAL ENDOWMENT FOR THE HUMANITIES**

**BALANCE SHEET**

As of September 30, 2016 and 2015

(in US Dollars)

<b>ASSETS</b>	<b>FY 2016</b>	<b>FY 2015</b>
<b>Intragovernmental:</b>		
Cash & fund balances w/ U.S. Treasury (Note 2)	\$ 150,458,128	\$ 148,061,169
Receivables and advances (Note 3)	692,817	633,028
<b>Total intragovernmental</b>	<b>151,150,945</b>	<b>148,694,197</b>
Receivables and advances (Note 3)	2,570,240	2,276,583
Property and equipment, net (Note 4)	808,240	885,730
<b>TOTAL ASSETS</b>	<b>154,529,425</b>	<b>151,856,510</b>
<b>LIABILITIES</b>		
<b>Intragovernmental:</b>		
Accounts payable and accrued expenses (Notes 5 & 8)	173,127	176,858
<b>Total intragovernmental</b>	<b>173,127</b>	<b>176,858</b>
Accounts payable and accrued expenses (Notes 5 & 8)	23,682,755	21,683,234
Unfunded FECA actuarial liability (Notes 5 & 8)	225,738	235,166
Unfunded annual leave (Notes 5 & 8)	1,229,894	1,262,172
<b>TOTAL LIABILITIES</b>	<b>25,311,514</b>	<b>23,357,430</b>
Commitments and contingencies (Note 1)		
<b>NET POSITION</b>		
Unexpended appropriations - other funds	129,143,671	128,576,472
Cumulative results operations - other funds	(516,459)	(419,182)
Cumulative results operations - dedicated collections (Note 11)	590,699	341,790
<b>TOTAL NET POSITION</b>	<b>129,217,911</b>	<b>128,499,080</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 154,529,425</b>	<b>\$ 151,856,510</b>

The accompanying notes are an integral part of these statements.

**NATIONAL ENDOWMENT FOR THE HUMANITIES**

**STATEMENT OF NET COST**  
For the Years Ended September 30, 2016 and 2015  
(in US Dollars)

	<u>2016</u>	<u>2015</u>
<b>PROGRAM COSTS (Notes 1, 12, 13, 15, &amp; 17)</b>		
Bridging Cultures		
Gross costs	\$ 3,221,407	\$ 4,555,712
Less: earned revenue	<u>(9,105)</u>	<u>(10,062)</u>
Net costs	3,212,302	4,545,650
Challenge Grants		
Gross costs	7,955,152	9,193,968
Less: earned revenue	<u>(22,344)</u>	<u>(20,191)</u>
Net costs	7,932,808	9,173,777
Common Good		
Gross costs	1,724,931	-
Less: earned revenue	<u>(4,875)</u>	<u>-</u>
Net costs	1,720,056	-
Digital Humanities		
Gross costs	5,703,443	5,517,366
Less: earned revenue	<u>(15,898)</u>	<u>(11,972)</u>
Net costs	5,687,545	5,505,394
Education		
Gross costs	18,191,152	17,855,388
Less: earned revenue	<u>(50,673)</u>	<u>(38,715)</u>
Net costs	18,140,479	17,816,673
Federal/State Partnership		
Gross costs	50,605,131	47,991,950
Less: earned revenue	<u>(142,883)</u>	<u>(105,880)</u>
Net costs	50,462,248	47,886,070
Preservation and Access		
Gross costs	20,090,698	19,425,728
Less: earned revenue	<u>(63,019)</u>	<u>(244,451)</u>
Net costs	20,027,679	19,181,277
Program Development		
Gross costs	544,602	844,991
Less: earned revenue	<u>(1,539)</u>	<u>(1,866)</u>
Net costs	543,063	843,125
Public		
Gross costs	17,238,558	18,025,869
Less: earned revenue	<u>(48,066)</u>	<u>(39,253)</u>
Net costs	17,190,492	17,986,616
Research		
Gross costs	21,152,294	19,084,493
Less: earned revenue	<u>(185,481)</u>	<u>(194,361)</u>
Net costs	20,966,813	18,890,132
Treasury Funds		
Gross costs	2,237,308	2,595,030
Less: earned revenue	<u>(6,323)</u>	<u>(5,731)</u>
Net costs	2,230,985	2,589,299
We the People		
Gross costs	731,258	1,468,615
Less: earned revenue	<u>(2,067)</u>	<u>(3,244)</u>
Net costs	729,191	1,465,371
<b>TOTAL PROGRAMS</b>		
Gross costs	149,395,934	146,559,110
Less: earned revenue	<u>(552,273)</u>	<u>(675,726)</u>
<b>NET COST OF OPERATIONS</b>	<u>\$ 148,843,661</u>	<u>\$ 145,883,384</u>

The accompanying notes are an integral part of these statements.



**STATEMENT OF CHANGES IN NET POSITION**  
**For the Years Ended September 30, 2016 and 2015**  
**(in US Dollars)**

	2016			2015		
	Funds from Dedicated Collections (Note 11)	All Other Funds	Total	Funds from Dedicated Collections (Note 11)	All Other Funds	Total
<b><u>CUMULATIVE RESULTS OF OPERATIONS</u></b>						
Beginning balances	\$ 341,790	\$ (419,182)	\$ (77,392)	\$ 472,755	\$ (822,598)	\$ (349,843)
Adjustments: Corrections of errors	-	-	-	-	-	-
Beginning balances, as adjusted	341,790	(419,182)	(77,392)	472,755	(822,598)	(349,843)
Budgetary financing sources:						
Donations (Note 11)	448,129	-	448,129	192,324	-	192,324
Appropriations used	-	147,374,801	147,374,801	-	144,635,994	144,635,994
Other financing resources:						
Imputed financing from costs absorbed by others (Notes 1 & 13)	-	1,172,363	1,172,363	-	1,327,517	1,327,517
Total financing sources	448,129	148,547,164	148,995,293	192,324	145,963,511	146,155,835
Net cost of operations (Notes 12 & 13)	(199,220)	(148,644,441)	(148,843,661)	(323,289)	(145,560,095)	(145,883,384)
Net change	248,909	(97,277)	151,632	(130,965)	403,416	272,451
Cumulative Results of Operations	590,699	(516,459)	74,240	341,790	(419,182)	(77,392)
<b><u>UNEXPENDED APPROPRIATIONS</u></b>						
Beginning balances	-	128,576,472	128,576,472	-	127,191,466	127,191,466
Adjustments: Corrections of errors	-	-	-	-	-	-
Beginning balances, as adjusted	-	128,576,472	128,576,472	-	127,191,466	127,191,466
Budgetary financing sources:						
Appropriations received (current period)	-	147,942,000	147,942,000	-	146,021,000	146,021,000
Rescissions	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Appropriations used	-	(147,374,801)	(147,374,801)	-	(144,635,994)	(144,635,994)
Total budgetary financing sources	-	567,199	567,199	-	1,385,006	1,385,006
Total Unexpended Appropriations	-	129,143,671	129,143,671	-	128,576,472	128,576,472
<b><u>NET POSITION</u></b>	<b>\$ 590,699</b>	<b>\$ 128,627,212</b>	<b>\$ 129,217,911</b>	<b>\$ 341,790</b>	<b>\$ 128,157,290</b>	<b>\$ 128,499,080</b>

The accompanying notes are an integral part of these statements.



**STATEMENT OF BUDGETARY RESOURCES**  
**For the Years Ended September 30, 2016 and 2015**  
**(in US Dollars)**

<b>Budgetary Resources:</b>	<b>2016</b>	<b>2015</b>
Unobligated balance brought forward, October 1	\$ 6,309,887	\$ 8,846,977
Unobligated balance brought forward, October 1, as adjusted	6,309,887	8,846,977
Recoveries of prior year unpaid obligations	2,782,113	1,483,988
Other changes in unobligated balance (+or-)	833,309	123,905
Unobligated balance from prior year budget authority, net	9,925,309	10,454,870
Appropriations (discretionary and mandatory)	148,390,129	146,213,324
Spending authority from offsetting collections (discretionary and mandatory)	759,660	394,062
<b>Total budgetary resources</b>	<b>159,075,098</b>	<b>157,062,255</b>
<b>Status of Budgetary Resources:</b>		
New obligations and upward adjustments (Note 14)	152,914,518	150,752,368
Unobligated balance, end of year:		
Apportioned, unexpired accounts	6,160,580	6,309,887
Unexpired unobligated balance, end of year	6,160,580	6,309,887
Total unobligated balance, end of year	6,160,580	6,309,887
<b>Total budgetary resources</b>	<b>159,075,098</b>	<b>157,062,255</b>
<b>Change in Obligated Balance:</b>		
Unpaid Obligations:		
Unpaid obligations, brought forward, October 1	141,767,742	139,711,350
New obligations and upward adjustments	152,914,518	150,752,368
Outlays (gross) (-)	(147,358,808)	(147,211,988)
Recoveries of prior year unpaid obligations (-)	(2,782,113)	(1,483,988)
Unpaid obligations, end of year	144,541,339	141,767,742
<b>Uncollected Payments:</b>		
Uncollected pymts, Fed sources, brought forward, Oct 1 (-)	(16,460)	(89,891)
Change in uncollected pymts, Fed sources (+/-)	(227,331)	73,431
Uncollected pymts, Fed sources, end of year(-)	(243,791)	(16,460)
<b>Memorandum (non-add) entries:</b>		
Obligated balance, start of year (+/-)	141,751,282	139,621,459
Obligated balance, end of year (+/-)	144,297,548	141,751,282
<b>Budget Authority and Outlays, Net:</b>		
Budget authority, gross (discretionary and mandatory)	149,149,789	146,607,386
Actual offsetting collections (discretionary and mandatory) (-)	(1,365,638)	(591,398)
Change in uncollected customer payments from		
Federal sources (discretionary/mandatory) (+or-)	(227,331)	73,431
Recoveries of prior year paid obligations (discretionary and mandatory)	833,308	123,905
<b>Budget authority, net (discretionary and mandatory)</b>	<b>148,390,128</b>	<b>146,213,324</b>
Outlays, gross (discretionary and mandatory)	147,358,808	147,211,988
Actual offsetting collections (discretionary and mandatory)(-)	(1,365,638)	(591,398)
Outlays, net (discretionary and mandatory)	145,993,170	146,620,590
Distributed offsetting receipts (-)	(519,076)	(277,002)
<b>Agency outlays, net (discretionary and mandatory)</b>	<b>\$ 145,474,094</b>	<b>\$ 146,343,588</b>

**Note: NEH does not have a non-budgetary credit reform financing account**

The accompanying notes are an integral part of these statements.

**National Endowment for the Humanities**  
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The following Notes include the disclosure requirements contained in the Office of Management and Budget (OMB) Circular A-136, “Financial Reporting Requirements” and the Federal Accounting Standards Advisory Board (FASAB) “Statements of Federal Financial Accounting Standards” (SFFAS).

**Note 1 – Significant Accounting Policies**

**A. Reporting Entity**

The National Endowment for the Humanities (NEH) is an independent grant-making agency of the United States government dedicated to supporting research, education, preservation, and public programs in the humanities. NEH was established by the National Foundation on the Arts and the Humanities Act of 1965.

**B. Basis of Presentation**

The financial statements are provided to meet the requirements of the Accountability of Tax Dollars Act of 2002. The statements consist of the Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and Statement of Budgetary Resources.

**C. Basis of Accounting**

Transactions are generally recorded on an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when liabilities are incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints and controls over the use of Federal funds. Each year, Congress provides NEH appropriations to incur obligations in support of agency programs. Budgetary accounting is the means of recording these appropriations and measuring the consumption of budget authority and other budgetary resources.

**D. Revenues and Other Financing Sources**

NEH receives funding through annual Congressional appropriations from the budget of the United States. No-year appropriations are used, within statutory limits, for operations and capital expenditures for essential personal property. Appropriations are recognized as revenues at the time that the related program or administrative expenses are incurred. Appropriations expended for capitalized property and equipment are recognized as expenses when assets are consumed in operations.

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**Note 1 – Significant Accounting Policies** (continued)

The National Foundation on the Arts and the Humanities Act granted NEH the authority to receive donations and to invest in interest-bearing accounts. Accounts are maintained for restricted as well as unrestricted funding and NEH observes the same guidelines for the appropriate use of donated funds as for appropriated funds. This authority allows the Chairman to incur representation and reception expenses.

**E. Fund Balance with Treasury**

Funds with the Department of the Treasury primarily represent appropriated funds that are available to pay current liabilities and finance authorized purchase commitments. See Note 2 for additional information.

**F. Advances and Prepayments**

NEH records grant payments for work not yet performed at year-end as advances. The advances are recorded as expenses in subsequent fiscal years.

**G. General Property, Plant and Equipment**

NEH policy is to depreciate property, plant and equipment over the estimated useful life of the asset. The capitalization threshold is \$50,000 for individual purchases and \$50,000 for bulk purchases with a minimum of \$10,000 per item. The capitalization threshold for leasehold improvements is \$50,000 for individual items with a useful life of two years or more and \$50,000 for bulk purchases with a minimum of \$10,000 per item. The capitalization threshold for internal use software is \$250,000 or above for aggregate costs. Service lives are listed below:

<u>Description</u>	<u>Estimated Useful Life</u>
Leasehold Improvements	Shorter of Lease Term or Improvement
Capital Leases	Term of Lease
Office Furniture	7 years
Computer Equipment and Software	3 years
Office Equipment	5 years

**H. Liabilities**

Liabilities represent transactions or events that have already occurred for which NEH will likely pay. No liability can be paid, however, absent an appropriation, or in some cases donated funds. Liabilities for which an appropriation has not been enacted are, therefore, classified as not covered by budgetary resources, because there is no absolute certainty that the appropriation will be enacted. Also, liabilities can be abrogated by the Government acting in its sovereign capacity.

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**Note 1 – Significant Accounting Policies (continued)**

**I. Accounts Payable**

Accounts payable consists of amounts owed to other federal agencies, commercial vendors, and grantees. Accounts payable to commercial vendors are expenses for goods and services received but not yet paid by NEH. Grant liabilities are grantee expenses not yet funded or reimbursed by NEH. At fiscal year-end, NEH calculates and records an accrual for the amount of estimated unreimbursed grantee expenses.

In estimating grant accruals, NEH followed the guidelines in the Federal Accounting Standards Advisory Board's (FASAB) Statement of Federal Financial Accounting Technical Release (TR) 12, *Accrual Estimates for Grant Programs*. The purpose of TR 12 is to provide a cost-effective framework for developing reasonable estimates of accrued grant liabilities. TR 12 addresses materiality considerations, risk assessment, and procedures for estimating accruals for grant programs, including acceptable procedures until sufficient relevant and reliable historical data is available for new grant programs or changes to existing programs.

**J. Accounts Receivable**

NEH uses the specific identification method to recognize an allowance for uncollectible accounts receivable and related bad debt expenses.

**K. Annual, Sick, and Other Leave**

Annual leave is accrued as it is earned and the accrual is reduced as leave is taken. Each year, the balance in the accrued leave account is adjusted to reflect current pay rates and balances. To the extent current or prior year appropriations are not available to fund annual leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of non-vested leave are expensed as taken.

**L. Retirement Plans**

NEH employees participate in the Civil Services Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). FERS was established by enactment of Public Law 99-335. Pursuant to this law, FERS and Social Security automatically cover most employees hired after December 31, 1983. Employees hired before January 1, 1984, participated in CSRS unless they elected to join FERS and Social Security.

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**Note 1 – Significant Accounting Policies (continued)**

All employees are eligible to contribute to the Thrift Saving Plan (TSP). For those employees participating in FERS, a TSP account is automatically established and NEH makes a mandatory one percent contribution to this account. In addition, NEH makes matching contributions, ranging from one to four percent, for

FERS eligible employees, who contribute to their TSP accounts. Matching contributions are not made to TSP accounts established by CSRS employees.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, NEH remits the employer's share of the required contribution.

NEH does not report on its financial statements information pertaining to the retirement plans covering its employees except for imputed costs related to retirement (see L. below). Reporting amounts such as plan assets and accumulated plan benefits, if any, is the responsibility of the Office of Personnel Management.

**M. Imputed Benefit Costs**

NEH reports imputed benefit costs on Life Insurance, Health Insurance, and Retirement. The Office of Personnel Management (OPM) supplies certain cost factors that are applied to the Agency's records.

**N. Federal Employees' Compensation Act (FECA) Actuarial Liability**

The FECA provides income and medical cost protection to covered federal civilian employees injured on the job, for those who have contracted a work-related occupational disease, and for beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits under the FECA for NEH's employees are administered by the Department of Labor (DOL) and are ultimately paid by NEH.

DOL provides a computational model for estimating a FECA actuarial liability for any federal agency not specifically listed in the results of DOL's FECA actuarial model. This computational model is based on an extrapolation from the actual charges experienced recently by NEH. This procedure is not an allocation of a listed liability amount. It is, however, a way to calculate a reasonable actuarial liability for NEH.

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**Note 1 – Significant Accounting Policies (continued)**

The computational model takes the amount of benefit payments for the entity over the last 9 to 12 quarters, and calculates the annual average of payments for medical expenses and compensation. Both types of payments can be found in the chargeback reports that are issued quarterly by DOL. The average is then multiplied by the liability to benefits paid ratios (LBP). These ratios vary from year to year as a result of economic assumptions and other factors. The model calculates a liability approximately 11 times the annual payments.

**O. Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

**P. Commitments and Contingencies**

There are no commitments or contingencies that require disclosure.

**Q. Intragovernmental Activity**

Throughout these financial statements, intragovernmental assets, liabilities, revenues, and costs have been classified according to the type of entity associated with the transactions. Intragovernmental assets and liabilities are those from or to other Federal entities. Intragovernmental earned revenues are collections or accruals of revenue earned from other Federal entities and intragovernmental costs are payments or accruals to other Federal entities.

**R. Stewardship Investments**

Stewardship investments are substantial investments made by the Federal Government for the benefit of the nation but are not physical assets owned by the Federal Government. When incurred, they are treated as expenses in determining the net cost of operations. For the National Endowment for the Humanities, such investments are measured in terms of expenses incurred for federally-financed but not federally-owned physical property (investment in non-federal physical property).

**S. Rounding**

Some totals and amounts reflected on the financial statements and in the Notes may differ due to rounding.

**National Endowment for the Humanities**  
**Notes to the Financial Statements**  
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**Note 2 – Fund Balance with Treasury**

<b>Fund balance with Treasury:</b>	<u>2016</u>	<u>2015</u>
Appropriated funds	\$ 149,869,754	\$ 147,724,439
Trust funds	588,374	336,730
<b>Total</b>	<u>150,458,128</u>	<u>148,061,169</u>
<b>Status of fund balance with Treasury:</b>		
Unobligated balance - available	6,520,580	6,309,887
Unfilled customer orders without advance	(243,790)	(12,782)
Receivables from federal sources	-	(3,678)
Obligated balance not yet disbursed	144,181,338	141,767,742
<b>Total</b>	<u>\$ 150,458,128</u>	<u>\$ 148,061,169</u>

Fund Balance with Treasury is the aggregate amount of NEH's accounts with the U.S. Treasury from which NEH is authorized to make expenditures and pay liabilities. The trust fund includes amounts donated to NEH. Some of these funds are restricted for intended purposes.

**Note 3 – Accounts Receivable and Advances**

	<u>2016</u>	<u>2015</u>
	<u>Current</u>	<u>Current</u>
Gross receivables		
Receivables from services to federal agencies:		
Advances to federal agencies	\$ 692,817	\$ 629,350
Other receivables	-	3,678
Receivables from the public:		
Advances to grantees	2,383,911	2,054,641
Other receivables	186,329	221,942
Allowance for uncollectible accounts	<u>-</u>	<u>-</u>
<b>Net receivables</b>	<u>\$ 3,263,057</u>	<u>\$ 2,909,611</u>

**National Endowment for the Humanities**  
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**Note 4 – General Property, Plant and Equipment, Net**

NEH policy is to depreciate property, plant and equipment over the estimated useful life of the asset. The capitalization threshold is \$50,000 for individual purchases and \$50,000 for bulk purchases with a minimum of \$10,000 per item. The capitalization threshold for leasehold improvements is \$50,000 for individual items with a useful life of two years or more. The capitalization threshold for internal use software is \$250,000 or above for aggregate costs. Property and equipment, net, consists of the following:

Major Class	Service Life and Method	Cost	Accumulated Amortization /Depreciation	<u>2016</u> Net Book Value	<u>2015</u> Net Book Value
Leasehold Improvements	10 years/Straight	\$ 168,722	\$ (37,962)	\$ 130,760	\$ 147,632
Office Equipment	5 years/Straight	117,753	(25,690)	92,063	117,229
Software – Internal Use	3 years/Straight	1,404,397	(894,211)	510,186	416,696
Software – In Development	Not Applicable	75,231	-	75,231	204,173
Total, Property & Equipment		\$ 1,766,103	\$ (957,863)	\$ 808,240	\$ 885,730

**Note 5 – Liabilities**

	<u>2016</u>	<u>2015</u>
Intragovernmental:	<u>Current</u>	<u>Current</u>
Accrued unfunded FECA	\$ 44,903	\$ 46,692
Advances from others	4,200	33,079
Employee contributions & payroll taxes payable	124,024	97,087
Accrued liabilities due to federal agencies	-	-
Total Intragovernmental	<u>173,127</u>	<u>176,858</u>
With the Public:		
Accounts Payable	142,681	-
Accrued funded payroll	662,897	545,903
Actuarial FECA	225,738	235,166
Accrued unfunded leave	1,229,893	1,262,172
Accrued liabilities due - non-Government	22,877,178	21,137,331
Total Liabilities with the Public	<u>25,138,387</u>	<u>23,180,572</u>
Total liabilities	<u>\$ 25,311,514</u>	<u>\$ 23,357,430</u>

**National Endowment for the Humanities**  
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**Note 6 – Leases**

**Occupancy Agreement:**

Office Space: The National Endowment for the Humanities (NEH) occupies office space in the Constitution Center Building at 400 7<sup>th</sup> Street in the District of Columbia under an occupancy agreement with the General Services Administration (GSA). The occupancy agreement is accounted for as an operating lease. The estimate for the annual lease costs for NEH’s office space for future fiscal years are below:

Fiscal Year 2016

<u>Future payments due:</u>	<u>Office Space</u>
Fiscal year 2017	\$ 3,065,697
Fiscal year 2018	3,100,889
Fiscal year 2019	3,225,260
Fiscal year 2020	3,325,540
Fiscal year 2021	3,363,996
Fiscal year 2022	3,403,605
Fiscal year 2023	3,444,402
Total Future Lease Payments	<u>\$ 22,929,389</u>

**Note 7 – Incidental Custodial Collections**

Custodial collections made by NEH are deposited and reported into a designated miscellaneous receipt account. At fiscal year-end, all custodial collections are returned to the U.S. Treasury.

	<u>2016</u>	<u>2015</u>
Collections for NEH projects funded in previous years	<u>\$ 70,947</u>	<u>\$ 84,678</u>
Total cash collections	70,947	84,678
Disposition of collections:		
Returned to Treasury (general fund)	70,947	84,678
Retained by NEH	-	-
Net custodial collection activity	<u>\$ -</u>	<u>\$ -</u>

**National Endowment for the Humanities**  
**Notes to the Financial Statements**  
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**Note 8 – Liabilities Not Covered by Budgetary Resources**

	<u>2016</u>	<u>2015</u>
Intragovernmental		
Accrued unfunded FECA	\$ 44,903	\$ 46,692
Total intragovernmental	44,903	46,692
Actuarial FECA	225,738	235,166
Accrued unfunded leave	1,229,893	1,262,172
Total liabilities not covered by budgetary resources	1,500,534	1,544,030
Total liabilities covered by budgetary resources	23,810,980	21,813,400
Total liabilities	<u>\$ 25,311,514</u>	<u>\$ 23,357,430</u>

**Note 9 – Explanation of Differences between Liabilities Not Covered by Budgetary Resources and Components Requiring or Generating Resources in Future Periods**

Components that comprise liabilities not covered by budgetary resources represent the cumulative balance of the liability. By contrast, components requiring or generating resources in future periods included in Note 13 – Reconciliation of Net Cost of Operations to Budget – represent the change in the liability created in the current year.

**Note 10 – Explanation of Differences between the Statement of Budgetary Resources and the Budget of the United States Government**

The President’s Budget which includes actual numbers for fiscal year 2016 has not been published. Actual numbers for fiscal year 2016 will be included in the President’s Budget for fiscal year 2018, which will be published in February 2017 and will be available at <http://www.whitehouse.gov/omb/>.

There are no material differences between the amounts reported in the FY 2015 Statement of Budgetary Resources and the 2015 actual amounts reported in the Budget of the United States Government. Any differences in the table below are due to the rounding of the amounts in the Budget of the United States Government.

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**Note 10 (continued)**

FY 2015 (In Millions of Dollars)	Budgetary Resources Available for Obligation	Obligations Incurred	Distributed Offsetting Receipts	Net Outlays
Budget of the U.S. Government	\$ 155	\$ 149	\$ -	\$ 147
Statement of Budgetary Resources	<u>157</u>	<u>151</u>	<u>-</u>	<u>146</u>
Differences (due to rounding)	\$ 2	\$ 2	\$ -	\$ (1)

**Note 11 – Funds from Dedicated Collections**

The Statement of Federal Financial Accounting Standards 43: *Funds from Dedicated Collections: Amending Statement of Federal Financial Accounting Standards 27, Identifying and Reporting Earmarked Funds SFFAS No. 27, Identifying and Reporting Earmarked Funds*, changed the term "earmarked funds" to "funds from dedicated collections." SFFAS 43 also amended the definition as follows. Generally, funds from dedicated collections are financed by specifically identified revenues, provided to the government by non-federal sources, often supplemented by other financing sources, which remain available over time. These specifically identified revenues and other financing sources are required by statute to be used for designated activities, benefits or purposes, and must be accounted for separately from the government's general revenues.

Pursuant to authority set forth in its authorizing statute, at 20 U.S.C. 959(a)(2), and at P.L. 106-113, Sec. 319, the NEH is authorized to solicit, accept and invest money and other property donated to the agency. Section 959(a)(2) authorizes the Chairman of the NEH, with the recommendation of the National Council on the Humanities, to "receive money and other property donated, bequeathed, or devised to [the] Endowment with or without condition or restriction." There are two types of donations accepted by the Endowment: unrestricted and restricted gifts. An unrestricted gift is one made to the Endowment with no limitations on how the gift is to be used. A restricted gift explicitly states how the gift is to be used.

Donations to the Endowment must be used for a purpose consistent with the agency's mission and authorizing legislation. The general authority of the Chairman to carry out the functions of the Endowment is enumerated in 20 U.S.C. 956(c).

**National Endowment for the Humanities**  
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**Note 11 – Funds from Dedicated Collections – (continued)**

Balance Sheet, as of September 30 <sup>th</sup>	2016			2015		
	Funds from Dedicated Collections Gifts & Donations	Eliminations	Total Funds from Dedicated Collections	Funds from Dedicated Collections Gifts & Donations	Eliminations	Total Funds from Dedicated Collections
Assets						
Fund balance with Treasury	\$ 588,374	\$ -	\$ 588,374	\$ 336,730	\$ -	\$ 336,730
Other assets – Intragov't Advances	2,325		2,325	5,060		5,060
Total assets	590,699	-	590,699	341,790	-	341,790
Liabilities						
Accrued Liabilities	-		-	-		-
Total liabilities	-		-	-	-	-
Unexpended Appropriations	-	-	-	-	-	-
Cumulative results of operations	590,699	-	590,699	341,790	-	341,790
Total liabilities and net position	590,699	-	590,699	341,790	-	341,790
<b>Statement of Net Cost, for the year ended September 30<sup>th</sup></b>						
Gross program costs	199,220	-	199,220	323,289	-	323,289
Less earned revenues	-	-	-	-	-	-
Net program costs	199,220	-	199,220	323,289	-	323,289
Costs not attributable to program costs	-	-	-	-	-	-
Less earned revenues not attributable to program costs	-	-	-	-	-	-
Net cost of operations	199,220	-	199,220	323,289	-	323,289
<b>Statement of Changes in Net Position, for the year ended September 30<sup>th</sup></b>						
Net position, beginning of period	341,790	-	341,790	472,755	-	472,755
Non-exchange revenue	448,129	-	448,129	192,324	-	192,324
Other financing sources	-	-	-	-	-	-
Net cost of operations	199,220	-	199,220	323,289	-	323,289
Change in net position	248,909	-	248,909	(130,965)	-	(130,965)
Net position, end of period	\$ 590,699	\$ -	\$ 590,699	\$ 341,790	\$ -	\$ 341,790

**National Endowment for the Humanities**  
**Notes to the Financial Statements**  
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(In Dollars)

**Note 12 – Intragovernmental Costs and Exchange Revenue**

OMB Circular A-136 has changed the disclosure requirements for transactions with other Federal entities and the public. Under the revised guidance, NEH will present costs associated with Federal agencies, as well as costs associated with the public. The amounts on the next page present NEH's earned revenues for sales of goods and services to Federal agencies and the public, gross costs associated with sales of goods and services to Federal agencies and the public, and net cost of operations by program.

**National Endowment for the Humanities**  
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**Note 12 (continued)**

<b>FY 2016 Programs</b>	<b>Intragovernmental costs</b>	<b>Public costs</b>	<b>Total costs</b>	<b>Intragovernmental earned revenue</b>	<b>Public earned revenue</b>	<b>Total earned revenue</b>	<b>Net costs</b>
Bridging Cultures	\$627,415	\$2,593,992	\$3,221,407	\$9,105	\$-	\$9,105	\$3,212,302
Challenge Grants	442,195	7,512,957	7,955,152	22,344	-	22,344	7,932,808
Common Good	71,593	1,653,338	1,724,931	4,875	-	4,875	1,720,056
Digital Humanities	414,285	5,289,158	5,703,443	15,898	-	15,898	5,687,545
Education	1,400,146	16,791,006	18,191,152	50,673	-	50,673	18,140,479
Federal/State Partnership	2,213,740	48,391,391	50,605,131	142,883	-	142,883	50,462,248
Preservation and Access	1,311,645	18,779,053	20,090,698	63,019	-	63,019	20,027,679
Program Development	58,419	486,183	544,602	1,539	-	1,539	543,063
Public	1,337,275	15,901,283	17,238,558	48,066	-	48,066	17,190,492
Research	1,573,247	19,579,047	21,152,294	185,481	-	185,481	20,966,813
Treasury Funds	92,859	2,144,449	2,237,308	6,323	-	6,323	2,230,985
We the People	137,504	593,754	731,258	2,067	-	2,067	729,191
<b>2016 Total</b>	<b>\$9,680,323</b>	<b>\$139,715,611</b>	<b>\$149,395,934</b>	<b>\$552,273</b>	<b>\$-</b>	<b>\$552,273</b>	<b>\$148,843,661</b>
<b>FY 2015 Programs</b>	<b>Intragovernmental costs</b>	<b>Public costs</b>	<b>Total costs</b>	<b>Intragovernmental earned revenue</b>	<b>Public earned revenue</b>	<b>Total earned revenue</b>	<b>Net costs</b>
Bridging Cultures	\$443,420	\$4,112,292	\$4,555,712	\$10,062	\$-	\$10,062	\$4,545,650
Challenge Grants	531,164	8,662,804	9,193,968	20,191	-	20,191	9,173,777
Common Good	-	-	-	-	-	-	-
Digital Humanities	528,308	4,989,058	5,517,366	11,972	-	11,972	5,505,394
Education	1,544,595	16,310,793	17,855,388	38,715	-	38,715	17,816,673
Federal/State Partnership	2,321,268	45,670,682	47,991,950	105,880	-	105,880	47,886,070
Preservation and Access	1,363,354	18,062,374	19,425,728	244,451	-	244,451	19,181,277
Program Development	270,792	574,199	844,991	1,866	-	1,866	843,125
Public	1,389,342	16,636,527	18,025,869	39,253	-	39,253	17,986,616
Research	1,555,261	17,529,232	19,084,493	194,361	-	194,361	18,890,132
Treasury Funds	119,489	2,475,541	2,595,030	5,731	-	5,731	2,589,299
We the People	301,717	1,166,898	1,468,615	3,244	-	3,244	1,465,371
<b>2015 Total</b>	<b>\$10,368,710</b>	<b>\$136,190,400</b>	<b>\$146,559,110</b>	<b>\$675,726</b>	<b>\$-</b>	<b>\$675,726</b>	<b>\$145,883,384</b>

**National Endowment for the Humanities**  
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**Note 13 – Reconciliation of Net Cost of Operations to Budget**

	<u>2016</u>	<u>2015</u>
<b>RESOURCES USED TO FINANCE ACTIVITIES:</b>		
Budgetary Resources Obligated		
New obligations and upward adjustments	\$ 152,914,518	\$ 150,752,368
Less: Spending authority from offsetting collections, recoveries, and changes in unobligated balance	4,375,082	2,001,954
Obligations net of offsetting collections, recoveries, and changes in unobligated balance	148,539,436	148,750,414
Less: Offsetting receipts	519,076	277,002
Net Obligations	148,020,360	148,473,412
Other Resources		
Imputed financing from costs absorbed by others	1,172,363	1,327,517
<i>Total resources used to finance activities</i>	149,192,723	149,800,929
<b>RESOURCES USED TO FINANCE ITEMS NOT PART OF THE NET COST OF OPERATIONS:</b>		
Change in budgetary resources obligated for goods, services, and benefits ordered but not yet provided	(937,745)	(3,837,469)
Budgetary offsetting collections and receipts that do not affect net cost of operations	519,076	277,002
Resources that fund expenses recognized in prior periods	(43,496)	(160,187)
Resources that finance acquisition of assets	(281,675)	(396,769)
<i>Total resources used to finance items not part of the net cost of operations</i>	(743,840)	(4,117,423)
<i>Total resources used to finance the net cost of operations</i>	148,448,883	145,683,506
<b>COMPONENTS OF THE NET COST OF OPERATIONS THAT WILL NOT REQUIRE OR GENERATE RESOURCES IN THE CURRENT PERIOD:</b>		
Components requiring or generating resources in future periods:		
Annual leave liability increase	-	-
Other	35,613	(117,367)
<i>Total components of Net Cost of Operations that will require or generate resources in future periods</i>	35,613	(117,367)
Components not requiring or generating resources:		
Depreciation and amortization	359,165	317,245
Other	-	-
<i>Total components of Net Cost of Operations that will require or generate resources</i>	359,165	317,245
<i>Total components of the net cost of operations that will not require or generate resources in the current period</i>	394,778	199,878
<b>NET COST OF OPERATIONS</b>	<b>\$ 148,843,661</b>	<b>\$ 145,883,384</b>

**National Endowment for the Humanities**  
**Notes to the Financial Statements**  
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(In Dollars)

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

<b>New Obligations and Upward Adjustments</b>	<u>2016</u>	<u>2015</u>
Direct:		
1. Category A total, direct obligations	\$ -	\$ -
2. Category B total, direct obligations	152,149,599	150,230,132
3. Exempt from apportionment	-	-
Reimbursable:		
1. Category A total, direct obligations	-	-
2. Category B total, direct obligations	764,919	522,236
3. Exempt from apportionment	-	-
Total direct and reimbursable	<u>\$ 152,914,518</u>	<u>\$ 150,752,368</u>

**Note 15 – Exchange Revenues for Reimbursable Services Activities**

Pricing policy – Generally, when providing products and services, NEH sets prices to recover the full costs incurred unless otherwise noted in the interagency agreement.

**Note 16 – Undelivered Orders at the End of the Period**

On the Statement of Budgetary Resources, the obligated balance, net, end of period includes the following:

	<u>2016</u>	<u>2015</u>
Unpaid obligations:		
Undelivered orders	\$ 120,734,558	\$ 119,987,421
Accounts payable	23,806,780	21,780,321
Less: uncollected customers payments from Federal sources	<u>(243,790)</u>	<u>(16,460)</u>
Total, unpaid obligated balance, net, end of period	<u>\$ 144,297,548</u>	<u>\$ 141,751,282</u>

**National Endowment for the Humanities**  
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**Note 17 – Statement of Net Cost**

Matching Grants - Challenge Grants and Treasury Fund Grants

Matching grants are awarded in most programs of the Endowment. A matching award entails an offer of NEH funding that is conditioned on an equivalent amount of fund-raising by the recipient. The Endowment uses two types of matching grants: Challenge Grants and Treasury Fund Grants.

Challenge grants are used to assist organizations in developing long-term sources of support for humanities programs, activities and resources. Some examples include the establishment of endowment funds, the purchase of capital equipment, the retirement of debt, and the renovation or construction of facilities. Recipients of a challenge grant must match every federal dollar with three nonfederal dollars in gifts to the grant recipients.

Treasury Fund grants are appropriated funds used to match nonfederal contributions in support of humanities projects. Treasury matching grants, which match nonfederal donations on a one-to-one basis, have proven to be an effective mechanism for leveraging the contributions of businesses, foundations, and individuals on behalf of the humanities.

**Note 18 – Change in Presentation**

Four presentation changes exist for fiscal year 2016:

The presentation of Note 6 – Leases was changed to more clearly present the expected future costs of our occupancy agreement with GSA for NEH office space, which more closely aligns with OMB Circular A-136 requirements for this disclosure.

NEH will no longer be preparing note disclosures “Reconciliation of Federal Appropriation to Federal Expended Appropriation” and “Reconciliation of Expenses to Federal Appropriation” that were prepared in prior years. These note disclosures are not required disclosures and contain information that, in general, is already presented in the existing note disclosures.

NEH added a new program this fiscal year called “Common Good”. This new initiative seeks to bring the humanities into the public square and foster innovative ways to make scholarship relevant to contemporary issues. Costs for this program are shown in our Statement of Net Cost as well as Note 12 – Intragovernmental Costs and Exchange Revenue.

In FY 2016, the Department of Treasury, the entity responsible for providing line-by-line guidance for the presentation of the core financial statements, changed the presentation of the Statement of Budgetary Resources. As a result, certain line items presented for FY 2015 differ from those presented in the previous year’s Performance Accountability Report.

**National Endowment for the Humanities**  
**Required Supplementary Stewardship Information**  
**Stewardship Investments**  
**(Unaudited)**  
**As of September 30, 2016**  
(In Dollars)

**Investment in Non-Federal Physical Property**

The National Endowment for the Humanities (NEH) provides a long term benefit to the public by maintaining its commitment to investing in non-Federal physical property. Non-Federal physical property refers to expenses incurred by the Federal government for the purchase, construction, or major renovation of physical property owned by state and local governments, including major additions, alterations, and replacements; the purchase of major equipment; and the purchase or improvement of other physical assets.

NEH's investment in non-Federal physical property currently includes facilities, structures, and equipment. The principal program funding this investment is Challenge Grants. This program is best understood as a lasting partnership between the community of humanities institutions and NEH. Through this program, NEH invested funding in historic buildings, conservation centers, museums, and libraries. For example, NEH grants funded: the restoration of buildings at the Historic Dyess Colony, Arkansas; the construction of the humanities portion of the public library in Lake County, Oregon; the expansion of the conservation facility at SUNY Buffalo State College; and the renovation of the historic Hilton Mansion House, Baltimore, Maryland.

As of FY 2016, the Challenge Grants program is re-focusing resources away from construction and renovation of physical property to address new program initiatives.

The following exhibit shows the National Endowment for the Humanities investment in non-Federal physical property displayed in four major categories for FY 2016 and the previous four fiscal years.

Type of Property	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Historic Home/Building	-	\$684,809	\$183,334	-	-
Conservation Center	\$6,057	-	-	-	-
Museum/Library	\$500,000	\$150,000	\$500,606	\$548,906	\$600,000
Research/Lab Center	-	\$652,981	\$283,876	\$120,000	\$167,000
<b>Total</b>	<b>\$506,057</b>	<b>\$1,487,790</b>	<b>\$967,816</b>	<b>\$668,906</b>	<b>\$767,000</b>

#### **IV. Other Accompanying Information**

##### **NEH Inspector General's Summary of Management Challenges**

November 4, 2016

William Adams  
Chairman, National Council on the Humanities  
National Endowment for the Humanities  
Washington, DC 20506

Dear Chairman Adams:

In accordance with the Reports Consolidation Act of 2000 (Public Law 106-531), I am submitting the annual statement summarizing what the Office of Inspector General considers to be the most serious management and performance challenges facing the National Endowment for the Humanities (NEH). This assessment is based on OIG reviews and inspections, as well as a general knowledge of the Agency's operations.

The OIG has identified two management and performance challenges for inclusion in the NEH's FY 2016 *Performance and Accountability Report* (PAR).

1. Information Technology Security
2. Continuity of Operations Planning

The Reports Consolidation Act of 2000 permits agency comment on the Inspector General's statements. Agency comments, if applicable, are to be included in the final version of the PAR that is due by November 15, 2016.

Laura Davis  
Inspector General

Attachment

cc: Margaret Plympton, Deputy Chairman  
Jeff Thomas, Assistant Chairman for Planning and Operations

## **Management and Performance Challenges for the National Endowment for the Humanities**

**FY 2016**

### **Information Technology Security**

The NEH relies on information management systems to carry out the Agency's mission and operations, and to process, maintain, and report essential information. Strengthening the cybersecurity of NEH information systems and data represents an ongoing challenge.

The *Federal Information Security Management Act of 2002* (FISMA) requires each Federal agency to develop, document, and implement an agency-wide program to provide information security and develop a comprehensive framework to protect the government's information, operations, and assets. Over the years, the NEH has realized steady progress in the implementation of an information security program consistent with FISMA and National Institute of Standards and Technology (NIST) requirements.

To further enhance the security of Federal information and information systems, the Office of Management and Budget (OMB), in coordination with the National Security Council (NSC), Department of Defense, and Department of Homeland Security has identified cybersecurity as a Cross Agency Priority (CAP) goal for FY 2015 through FY 2017. Rather than enforcing a static, point-in-time reauthorization process, Federal agencies are required to assess information security risks on an ongoing basis<sup>1</sup>. The cybersecurity CAP goal emphasizes ongoing observation, assessment, analysis, and diagnosis of the agency's cybersecurity (Information Security Continuous Monitoring); implementation of a set of capabilities that ensure users authenticate to Federal IT resources and have access to only those resources that are required for their job function (Identity, Credential, and Access Management/Strong Authentication); and implementation of technologies, processes, and training that reduce the risk of malware introduced through email and malicious or compromised web sites (Anti-Phishing and Malware Defense). The NEH continues to make progress pursuant to this cybersecurity CAP goal.

#### Information Security Continuous Monitoring

In FY 2012, NEH management issued a *Security Program and Risk Management Policy*, which defines the required components of a continuous monitoring program and mandates the development of continuous monitoring plans (CMPs) for each major information management system. While the Agency has instituted many of the core components of information security continuous monitoring, budget constraints have hampered the completion and compliance testing of individual CMPs for core information management systems, as prescribed by the NEH *Security Program and Risk Management Policy*. Documented continuous monitoring plans will provide

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<sup>1</sup> OMB Memorandum M-14-03, *Enhancing the Security of Federal Information and Information Systems*

management with the necessary blueprint to assess the Agency's adherence to defined continuous monitoring procedures and will assist with ongoing awareness and assessment of information security vulnerabilities, and threats to NEH systems and information.

### **Continuity of Operations Planning**

In order to ensure the preservation of our form of Government under all conditions, it is the policy of the United States to maintain a comprehensive and effective continuity capability composed of Continuity of Operations (COOP) and Continuity of Government (COG) programs. Continuity planning is the good business practice of ensuring the seamless and immediate execution of essential functions through all circumstances, so that critical government functions and services remain available to the Nation's citizens. Further, Agency information management systems are vulnerable to a variety of disruptions, ranging from mild (e.g., short-term power outage, disk drive failure) to severe (e.g., equipment destruction, fire). Vulnerability may be minimized or eliminated through management, operational, or technical controls as part of the Agency's resiliency effort. The NEH has a documented business continuity and disaster recovery policy that generally provides sufficient direction and guidance to reduce confusion and potential impact from a disruptive event or disaster. However, limited activity has been extended to the testing and evaluation of the Agency's disaster recovery plan over the past few years. This represents a recurring management challenge.

An effective test, training, and exercise (TT&E) program is necessary to assist in the preparation and validation of an organization's continuity capabilities and program. Training familiarizes leadership and staff with the procedures and tasks they must perform when executing continuity plans. Tests and exercises serve to assess and validate all components of continuity plans, policies, procedures, systems, and facilities used to respond to and recover from an emergency situation, and identify issues for subsequent improvement. The last exercise to evaluate the NEH emergency response procedures was conducted in July 2012.

## NEH Chairman's Response to Inspector General's Summary of Management Challenges

### MEMORANDUM

Date: November 9, 2016

To: Laura Davis  
Inspector General

From: William D. Adams  
Chairman

Subject: Response to OIG's Management Challenges

Thank you for your thoughtful assessment of the most significant management challenges facing NEH as we enter fiscal year 2017. Our responses to your specific concerns are detailed below.

### Information Technology Security

#### *Continuous Monitoring*

All government agencies are faced with cybersecurity threats. Significant amounts of financial and other resources are being allocated to combat nefarious actors who would disrupt an agency's mission and/or steal its data and other information assets. We agree that the agency must continuously improve information security to protect against emerging threats. To help attain this goal, NEH has instituted an agency-wide program aimed at improving our security posture. This program is embodied in NEH's Security Program and Risk Management Policy, which sets standards and expectations for information systems managed by NEH. Included in this policy is a requirement for each information system owner to create a continuous monitoring plan (CMP) that meets the standards for FISMA compliance and furthers the Cross Agency Priority (CAP) goals.

The adoption of a CMP will move NEH closer to the ideal of evaluating and responding to risk in real-time. If funding is available in FY 2017, NEH will be moving forward in this area by budgeting for professional security services that will aid in FISMA accreditation for the agency's General Support System (GSS). Our Office of Information Resources Management (OIRM) has met with a GSS service provider and is in the process of establishing a preliminary schedule to begin work for this accreditation. Included in the accreditation package will be a CPM for the GSS. Upon completion of the GSS accreditation, OIRM plans to conduct similar assessments of the Grants Management System and the Oracle Financial System, and these assessments will include CMPs for same.

## Continuity of Operations Planning

NEH recognizes the need to test its continuity-of-operation plans (COOP) and procedures. We are planning to conduct such a test in December of this year. This exercise will conclude with an after-action report that will guide further updates and revisions to NEH's continuity of operations plan.

Summary of Financial and Management Assurances

**Other Information**

**Table 1 - Summary of Financial Statement Audit for the Year Ending September 30, 2016**

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

**Table 2 - Summary of Management Assurances for the Year Ending September 30, 2016**

<b>Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)</b>						
Statement of Assurance	Unqualified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
No items to report						
Total Material Weaknesses	0	-	-	-	-	0
<b>Effectiveness of Internal Control over Operations (FMFIA § 2)</b>						
Statement of Assurance	Unqualified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
No items to report	0	-	-	-	-	0
Total Material Weaknesses	0	-	-	-	-	0
<b>Conformance with Financial management system requirements (FMFIA § 4)</b>						
Statement of Assurance	Systems conform financial management system requirements					
Non-conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
No items to report	0	-	-	-	-	0
Total Material Weaknesses	0	-	-	-	-	0
<b>Compliance with Federal Financial Management Improvement Act (FFMIA)</b>						
*Not Applicable to Non-CFO Act Agencies per OMB Circular A-127 Sec. 8D						
	Agency			Auditor		
Overall Substantial Compliance	Not Applicable*			Not Applicable*		
1. System Requirements	Not Applicable*			Not Applicable*		
2. Accounting Standards	Not Applicable*			Not Applicable*		
3. USSGL at Transaction Level	Not Applicable*			Not Applicable*		

## **Improper Payments Improvement Act (IPIA) Reporting**

The Improper Payments Information Act of 2002 (IPIA) requires each agency to assess its programs and identify which, if any programs may be subject to high risk with respect to improper payments, and take corrective measures, as necessary. OMB has established specific reporting requirements for agencies with programs that possess a significant risk of erroneous payments and for reporting on results of recovery auditing activities.

On July 22, 2010, the President signed into law the Improper Payments Elimination and Recovery Act (IPERA, Public Law 111-204), which amends the IPIA Act, generally repeals the Recovery Auditing Act (RAA, Section 831 of the FY 2002 Defense Authorization Act, Public Law 107-107), and significantly increases agency payment recapture efforts — by expanding the types of payments that can be reviewed and lowering the threshold of annual outlays that requires agencies to conduct payment recapture audit programs.

A subsequent statute, the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA, Public Law 112-248), was signed into law on January 10, 2013. IPERIA mandates that agencies to improve the quality of oversight for high-dollar and high risk programs, and it requires agencies to share data regarding recipient eligibility and payment amounts. IPERA defined a significant erroneous payment as an annual erroneous payment in a program that (1) exceeds both 2.5 percent of program outlays and \$10,000,000 of all program or activity payments made during the fiscal year reported or (2) \$100,000,000 (regardless of the improper payment percentage of total program outlays). The new law establishes a 2.5 percent improper payment rate threshold to determine risk susceptible programs (in addition to the monetary threshold identified above). OMB has determined as a policy matter that, beginning with fiscal year 2013 reporting, agencies should instead apply a 1.5 percent improper payment rate (with other aspects of the above definition unchanged). IPERIA defines "payment" as payments made to Federal employees as well as non-Federal persons or entities. As a result, agencies are not obligated to review payments to other Federal agencies.

On October 20, 2014, the Office of Management and Budget (OMB) issued government-wide guidance on the Improper Payments Elimination and Recovery Act (IPERA) in OMB Memorandum M-15-02: *Appendix C to OMB Circular A-123, Requirements for Effective Estimation and Remediation of Improper Payments*. Federal agencies are required to follow the steps in the revised A-123 to determine whether the risk of improper payments is significant and to provide valid annual estimates of improper payments.

### ***THE CRITERIA FOR THE RISK ASSESSMENT***

At the National Endowment for the Humanities (NEH), risk assessments are currently performed on an annual basis, although a three year rotation is an option. These risk assessments cover the agency's payroll payments, and its definite grant program. The risk assessments help determine the risk of significant improper payments for each category by asking questions about identification of improper payment risk factors, mechanisms to identify those risks, management's analysis of the effect of any identified risks, and the controls developed to address any identified risks. NEH management followed the steps in the revised OMB Circular A-123, Appendix C, Part I, to determine whether the risk of erroneous payments is significant. OMB's

guidance states “when calculating a program's annual improper payment amount, agencies should only utilize the amount paid improperly.”

For this year, only the definite grant program was determined to have a risk of significant improper payments. Using the following systematic process, NEH conducted a quantitative review of its grant program payments of the definite grant program. For each selected grant payment, the NEH verified the:

- a. existence of a properly approved grant award document;
- b. properly signed request for payment from the grantee;
- c. payment was made to the correct grantee’s banking information on record;
- d. accuracy of the payment; and
- e. payment was charged to the correct grant obligation in the NEH accounting system.

NEH identified no programs or activities susceptible to significant improper payments, and consequently determined that no annual estimated amount of improper payments was necessary.

**Results of FY 2016 testing for improper payments (in thousands of dollars)**

Fund	Population Outlays	Tested Outlay Amount	Population Insufficient Documentation		Population Improper Payment Error	
			Dollars	Rate	Dollars	Rate
Definite Grant Fund	\$71,467	\$2,464	-0-	0.0%	-0-	0.0%

***PROGRAMS NOT INCLUDED IN THE RISK ASSESSMENT***

The agency’s non-payroll administrative payments, as well as its Treasury Fund grant program were reviewed during FY 2016 and did not meet the criteria specified in Circular A-123, Appendix C for significant improper payments. Because of this, a quantitative review of these other programs were not performed. However, NEH maintains the same payment certification process for all payments made by the agency. For these programs, potential payments are reviewed to ensure that:

- a. an approved obligation exists in the agency’s accounting system
- b. invoices are properly signed and approved
- c. payment is being sent to the correct vendor and bank account
- d. payment amount is accurate
- e. payment was charged to the correct obligation in the NEH accounting system

Because all non-payroll payments follow the same policy and procedures as our direct grant programs, NEH believes that the risk of improper payments in these programs is low.

***THE DESCRIPTION OF THE CORRECTIVE ACTION PLAN***

The result of the sampling was an error rate of zero percent for FY 2016 IPIA reporting; therefore, no corrective action plan was needed to manage and reduce improper payments.

### **IMPROPER PAYMENT REDUCTION OUTLOOK**

The result of the sampling was an error rate of zero percent for FY 2016 IPIA reporting.

#### **Improper payment reduction outlook: FY 2014 - FY 2018 (in thousands of dollars)**

Program	FY 2014			FY 2015			FY 2016			FY 2017*			FY 2018*		
	Outlays	%	\$	Outlays	%	\$	Outlays	%	\$	Est Outlays	%	\$	Est Outlays	%	\$
Grant Program	\$111,711	0.0	-0-	\$117,216	0.0	-0-	\$119,505	0.0	-0-	\$116,000	-0-	-0-	\$116,000	0.0	-0-

\*this grant program is aggregated among other grant programs and is not reflected specifically in the estimated outlays as shown on the President's Budget, which combines outlay totals for both administrative and grant programs. Therefore, an average of the past three years' actual outlays for this program, rounded to the nearest thousand was used to project future outlays.

### **RECOVERY OF IMPROPER PAYMENTS**

Post-Payment Reviews:

NEH has not identified any program that constitutes a high-risk for improper payments.

Therefore, NEH considers all of its payments to fall within the realm of low-risk. Consequently, NEH will not conduct post-payment reviews.

### **PAYMENT RECAPTURE AUDITS:**

NEH remains at low risk of making improper payments. Based on the FY 2016 IPERA risk assessment, NEH will not perform recapture audits due to the low risk of making improper payments.

### **RISK ASSESSMENT AND OVERSIGHT BENEFITS**

NEH assessment resulted in an FY 2016 IPIA reporting error rate of zero percent, demonstrating that overall, NEH has adequate internal controls over its payment process. To maintain a zero percent testing error rate, NEH continues to improve internal controls, conduct continuous internal monitoring of possible improper payments, use centralization of accounting functions, and improve communication and follow-up prior to payment authorization to reduce the potential for error.

### **MANAGEMENT ACCOUNTABILITY**

Existing control processes and the implementation of the revised OMB Circular A-123 requirements continue to ensure that NEH's internal controls over financial reporting and systems are documented, sufficiently tested, and properly assessed. In turn, improved internal controls enhance safeguards against improper payments, fraud, waste, and abuse better ensure that the taxpayer dollars continue to be used effectively and efficiently to meet NEH's program objectives.

### **NEH USE OF THE DO NOT PAY SYSTEM**

NEH initiated the enrollment process with the Do Not Pay system during the fourth quarter of FY 2015 and will be utilizing the continuous monitoring feature of the system, which will notify

NEH officials of any existing vendors, grantees, or employees that have a potential match against several databases including the Social Security Death Master File, the General Services Administration Excluded Parties List System, the Department of the Treasury's Debt Check Database, among others. These potential matches are investigated to determine payment eligibility and may prevent improper payments. Until enrollment in the Do Not Pay system is complete, NEH will continue its strenuous review of authoritative systems as part of its contract and grant award and payment process, including use of the System for Award Management (SAM). Given that payment sample testing has yielded zero improper payments over the past several years, this system will further enhance and ensure a minimal amount of improper payments. NEH expects that the continuous monitoring feature within the Do Not Pay system will also assist with data validation and will serve as an aid to ensure data quality.