NATIONAL ENDOWMENT FOR THE

Humanities

(www.neh.gov)

PERFORMANCE & ACCOUNTABILITY REPORT

FISCAL YEAR 2018

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Message from the Chairman

I am pleased to present the Performance and Accountability Report for the National Endowment for the Humanities (NEH) for fiscal year (FY) 2018. The report sets forth the agency's goals and objectives and summarizes 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 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 provide grants that encourage and support excellence in scholarship, education, and public programming in the humanities.

NEH's grant programs received more than 5,000 grant applications in FY 2018. These applications underwent a rigorous review process conducted by knowledgeable persons outside NEH who were asked for their judgments about the quality and significance of the proposed projects. Guided by the results of this review process, NEH awarded grants to more than 800 humanities projects FY 2018. The information contained in this report provides preliminary information about the work being undertaken by these grantees. This information in turn provides evidence of the value and importance of our programs for the American people.

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.

Jon Parrish Peede
Chairman

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," Congress expressed this interest in a single, powerful observation: "Democracy demands wisdom and vision in its citizens." 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 a component of the U.S. Government, but for purposes of this report, is a stand-alone entity. There are no other component or subsidiary entities that are combined or consolidated for presentation in this document.

The agency's grant programs are organized into four divisions (Education Programs, Preservation and Access, who also oversees the agency's Challenge Grants program, Public Programs, and Research Programs) and two offices (Federal/State Partnership and Digital 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. Jon Parrish Peede, who was nominated by President Trump in March of 2018 and confirmed by the Senate in April of 2018, serves as NEH's chairman.

Advising the Endowment's Chairman 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.

NEH's grant programs received more than 5,000 applications in FY 2018. These applications were evaluated by knowledgeable persons outside NEH who were asked for their judgments about the quality and significance of the proposed projects. More than 1,000 scholars, teachers, librarians and archivists, museum curators, documentary filmmakers, and other humanities professionals and experts served on the more than 250 panels NEH convened in FY 2018. 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. In total, more than 800 humanities projects received direct funding from NEH in fiscal year 2018.

Highlights of Important Performance Goals and Results

In February 2018, the agency released its revised 2018-2022 strategic plan[1]. The strategic goals established in the plan place priorities on expanding access to the humanities for underserved communities and veterans, reducing bureaucracy, realigning agency activities to its founding legislation, and coordinating cultural initiatives within the federal government. These new goals place emphasis on expanding access to humanities, streamlining administrative functions, and focusing resources toward other existing programs that support the goals outlined in the strategic plan, such as infrastructure grants. The offices and divisions that currently exist will support these new goals and their related awards, and they will continue to service, monitor and support awards already issued under the prior strategic plan. For nearly half of FY 2018, the agency operated on its existing strategic plan and awards were made largely based on the strategic plan in place before the new plan was released. In addition, because FY 2018 has only just concluded, NEH 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.

The Statement of Net Cost (SNC), contained in section III of this report, provides cost information by responsibility segment, namely, the program offices and divisions within NEH, along with prior chairmen's initiatives. Multiple offices and divisions, and in some cases, all offices and divisions, have a role in each of the stated strategic goals in both the current and prior strategic plans. For example, strategic goal 2 "Simplify the NEH Grantee Experience" requires that all agency offices participate towards its achievement. For performance reporting purposes, the NEH measures its performance through a variety of qualitative and quantitative measures. These measures relate to performance goals established in the agency performance plan, but not by responsibility segment.   As a result, a direct linkage from the responsibility segments listed in the SNC to the agency performance plan it is not possible.

The following table illustrates the current and prior strategic plan goals and the offices and divisions carrying out these goals.

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[1] NEH's 2018-2023 Strategic Plan: https://www.neh.gov/sites/default/files/inline-files/strategic.plan_.2.9.18.fnl_.pdf

Offices and Divisions Responsible for Execution of Strategic Plan Goals

	Strategic Goal	Bridging Cultures[1]	Challenge Grants	Common Good[1]	Digital Humanities	Education	Federal/State Partnership	Preservation and Access	Program Development	Public Programs	Research	Treasury Funds	We the People[1]
Strategic Plan 2013-2017	Advance Knowledge and Understanding of the Humanities in the United States		✓		✓	✓	✓	✓		✓	✓	✓	
	To Provide National Leadership in Promoting the Humanities in American Life		✓		✓	✓	✓	✓		✓	✓	✓	
	To Enhance Quality of Service and Efficiency of Operations		✓		✓	✓	✓	✓	✓	✓	✓	✓	
Strategic Plan 2018-2022	Provide Opportunity and Access for All Americans to Pursue Knowledge in the Humanities					✓	✓			✓	✓		
	Simplify Grantee Experience		✓		✓	✓	✓	✓	✓	✓	✓	✓	
	Align Agency Activities with Founding Legislation and Administration Priorities		✓		✓	✓	✓	✓	✓	✓	✓	✓	
	Coordinate Federal Government-wide Cultural Initiatives				✓			✓	✓	✓	✓		

[1]Initiatives from prior chairmen that are no longer funded, but continue to report costs

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. Starting in FY 2016 and continuing through this latest year, the Endowment established the PPR format in most of its grant categories. The outcome for this new format means that 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 developed an in-house system, the eGMS reporting tool, 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 2018 was both the first year under new leadership by Chairman Peede and also saw the introduction of a reinvigorated Challenge Grants program as well as a concerted support effort for cultural and heritage institutions adversely affected by the ravages of Hurricanes Harvey and Maria.

Some of NEH's notable recent accomplishments include:

➢ In FY 2018, the Endowment awarded more than $116 million to more than 800 humanities projects in every state of the nation and U.S. territorial jurisdictions. These projects are advancing knowledge and understanding in the humanities and bringing this knowledge to millions of Americans.

➢ In 2018 NEH created an "Infrastructure and Capacity Building" Challenge grants program to continue to expand NEH's support of the nation's infrastructure

redevelopment and aims to protect cultural institutions. These grants will require a match of nonfederal funds and may be used toward capital expenditures such as construction and renovation projects, as well as the purchase of equipment and software, acquisition or maintenance of digital scholarly infrastructure, long-term preservation and conservation of humanities collections, and documentation of lost or imperiled cultural heritage. In the first year alone more than $13 million of federal funds have been committed to supporting this exciting new program.

➢ Immediately following fall 2017 hurricanes *Harvey* and *Maria*, Chairman Peede made disaster mitigation awards though NEH's Preservation and Access Division and the Office of Federal/State Partnership. The affected areas included Florida, Louisiana, Puerto Rico, Texas, and the U.S. Virgin Islands. In addition to the over $1 million provided directly to libraries and cultural organizations in these states and territories through the Division of Preservation and Access, these awards were distributed to the following state humanities councils: The Florida Humanities Council ($45,000), Texas ($185,000), and Louisiana ($75,000). These states used the funding to provide sub-awards to organizations in need of repairs and collection stabilization, to create disaster-preparedness guidance for state humanities councils and their partner cultural institutions, and to create humanities-based family reading and discussion programs for residents of Puerto Rico who were displaced by the storms and are now living in Florida.

➢ In anticipation of the 250th anniversary of our nation's founding, Chairman Peede provided $30,000 *Statehood Grants* to six state humanities councils which are commemorating their respective states bi-centennial or sesquicentennial: Alabama, Illinois, Maine, Mississippi, Missouri and Nebraska. The councils are using the funds to create a Mississippi Writer's Trail, highlight the past 150 years of education in Nebraska, provide opportunities for students to study newly preserved founding papers in Missouri, produce live radio / podcast recordings exploring the state's founding in towns throughout Illinois, conduct a two-day humanities festival at the culmination of a traveling exhibition exploring 200 years of Alabama history, and convene a broad and diverse summit of the council, scholars, and tribal and organizational partners to develop plans for Maine's 2020 bi-centennial events.

NEH's 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.

Brief Analysis of Financial Statements/Financial Overview

The principal financial statements are 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). The statements are prepared from the books and records of the Endowment in accordance with Federal generally accepted accounting principles (GAAP)

and the formats prescribed by the Office of Management and Budget (OMB). Reports used to monitor and control budgetary resources are prepared from the same books and records. The statements should be read with the realization that the Endowment is a component of the U.S. Government. These statements are included in the Financial Section of this report.

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 2018 and 2017, the Endowment had a fund balance with the U.S. Treasury of $161.3 Million (M) and $153.1M, respectively. A higher appropriation for FY 2018, reduced FY 2018 outlays, and a larger FY 2018 unexpended appropriations balance accounts for this increase. The FY 2018 amount of $161.3M comprises $160.6M of appropriated no-year funds and $.7M of trust no-year funds.

Of the $23.0M in total liabilities for FY 2018, 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, 2018. For fiscal years 2018 and 2017, the Endowment had grant liabilities of $20.7M and $21.0M, respectively. The decrease is due to a reduction in grant obligations for FY 2018, which also reduces the related 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 2018 and 2017, the Endowment had unexpended balances of $143.1M and $134.1M, respectively. The increase is due to the net effect of a larger appropriation received and reduced obligations in FY 2018 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 2018 and 2017, the Endowment had net cost of operations of $145.0M and $146.0M, respectively. This is due largely to reduced obligations 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 2018 and 2017, the Endowment had net positions of $143.6M and $134.6M, respectively. The increase is due to a larger unexpended appropriations beginning balance, a larger appropriation, and reduced obligations during FY 2018.

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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 2018 and 2017, the Endowment had $163.9M and $159.6M in budgetary resources, respectively. The change is due to an increase in unobligated balances carried forward, an increase in appropriations received, and reduced obligations for FY 2018. For fiscal years 2018 and 2017, the Endowment had net outlays of $144.5M and $147.2M, 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

The NEH management is responsible for managing risks and maintaining effective internal control to meet the objectives of Sections 2 and 4 of the Federal Managers' Financial Integrity Act. The NEH conducted its assessment of risk and internal control in accordance with OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control.* Based on the results of the assessment, NEH can provide reasonable assurance that internal control over operations, reporting, and compliance were operating effectively as of September 30, 2018.

Jon Parrish Peede
Chairman, NEH

Organizational Structure

The following page shows NEH's organizational structure.

National Endowment for the Humanities

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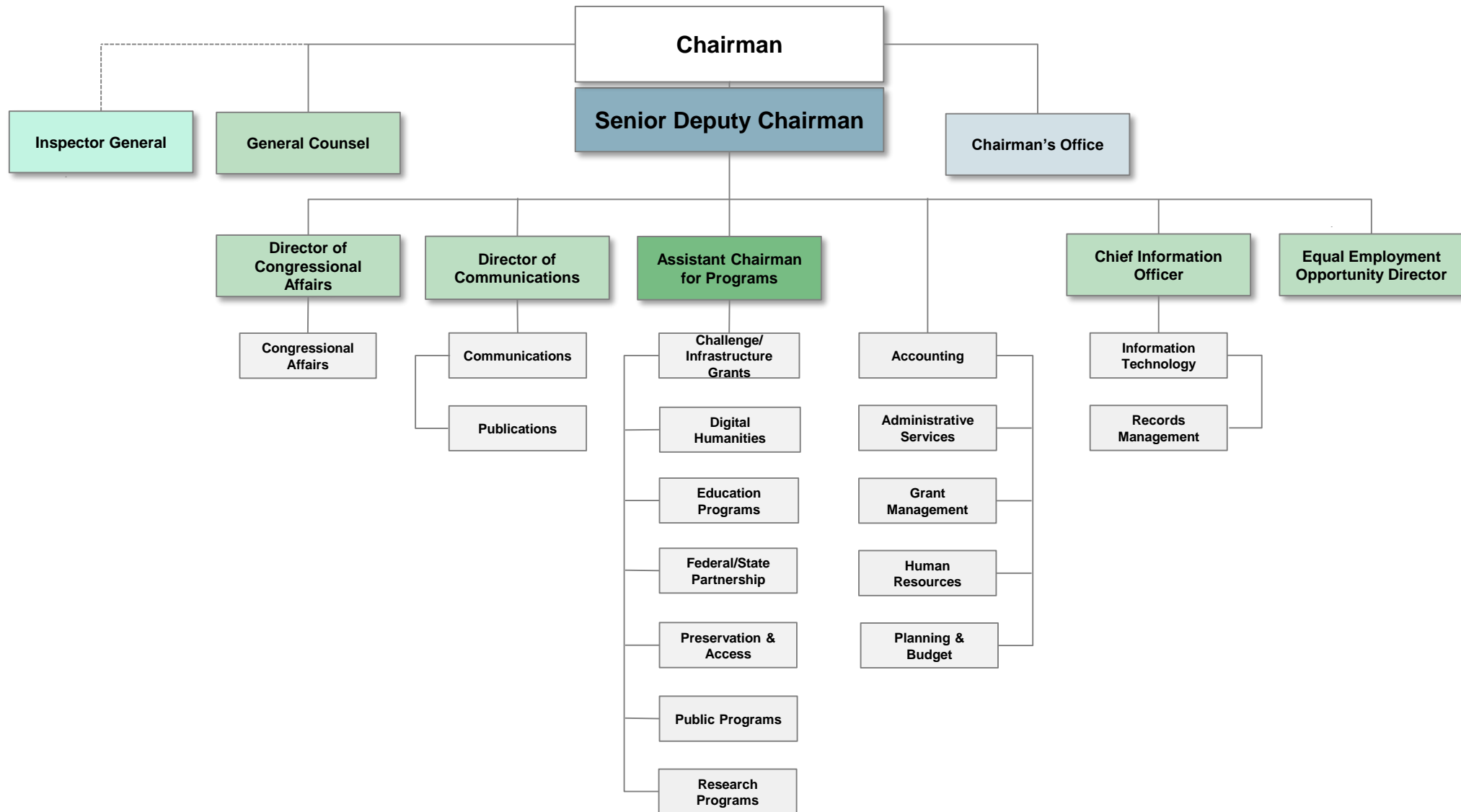
II. PERFORMANCE INFORMATION

Fiscal Year 2018 Performance Report

INTRODUCTION

We are pleased to present the Performance and Impact section of our Performance and Accountability Report (PAR) for fiscal year 2018. The purpose of this section of the report is to compare performance levels anticipated for fiscal year 2018 in the annual NEH Performance Plan with the performance outcomes that were actually achieved during that year. FY 2018 goals and indicators relate to the FY 2013-2017 NEH Strategic Plan. Because the goals and indicators of the NEH Performance Plan are tied directly to and closely parallel the general goals and objectives in the Endowment's multi-year strategic plan, this report will also serve as a measure of the agency's progress in achieving it long-term strategic goals.

The results projected in the NEH Performance Plan may accrue over many years. In those cases, measured outcomes of FY 2018 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 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 2018: Support was provided for *185/*__179__ individual scholars to make significant progress on important humanities research projects through fellowships and stipends.

- FY 2017: Support was provided for *195/*__195__ individual scholars to make significant progress on important humanities research projects through fellowships and stipends.

- 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.

2) Support collaborative research projects on significant subjects in the humanities.

- FY 2018: Support was provided for *32*/__28__ 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 2017: Support was provided for *34*/__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/*__21__ previously awarded grants received ongoing support through NEH matching funds.

- 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.

3) Encourage international scholarly collaboration in the humanities.

- FY 2018: Awards for *24*/__24__ humanities fellowship programs at independent research institutions are supporting the work of 69/__60__ humanities scholars who are making significant contributions to scholarship in the humanities.

- FY 2017: Awards for *24*/**24** humanities fellowship programs at independent research institutions are supporting the work of *72*/**60** humanities scholars who are making significant contributions to scholarship 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.

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

- FY 2018: Applicants in all Research programs were encouraged to harness the vast potential of advanced digital technology in the conduct and dissemination of their research.

- FY 2017: Applicants were encouraged to harness the vast potential of advanced digital technology in the conduct and dissemination of their research.

- 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 2018: 5/**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 2017: 5/**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 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 2018: Support was provided to *10*/**13** 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 2017: Support was provided to *10*/**12** 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 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 2018 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. Support for humanities research is a long-term investment, and the full impact of NEH grants is often realized well after grant funds are spent. The awards made in FY 2018 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 8,700

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 help them broaden their reach, allowing them to publish with popular presses, make presentations to both specialized and general audiences, and draw on their research to enrich their teaching.

Many NEH-supported publications win academic, scholarly, and literary prizes. For example, Yuri Slezkine of the University of Chicago was recognized in FY2018 by the American Historical Association for his book *The House of Government: A Saga of the Russian Revolution.* Slezkine's book, which he wrote with the support of a 2009 NEH Fellowship, won the George L. Mosse Prize fobest intellectual history of Europe, from 1500 to the present. Likewise, Jeremy Hartnett's *The Roman Street: Urban Life and Society in Pompeii, Herculaneum, and Rome* (supported by a Summer Stipend in in 2011) won the 2018 James Henry Brested Prize for the best book of ancient history.

In FY 2015, NEH introduced the Public Scholar Program, which encourages books in the humanities that are based on rigorous research but are also written in an accessible style that will appeal to any curious general reader. In FY 2018 this program made 22 awards. For example, John Turner, a historian at George Mason University in Fairfax, Virginia, received an award to support his research on the history of Plymouth Colony. Hamlin's book will connect the founding ideas of the early settlers in Plymouth to the larger drive toward freedom. The books published in FY2018 with the support of this program include independent scholar Philip Dray's *The Fair Chase: The Epic Story of Hunting in America.* Dray's history—published by Basic Books—has been reviewed favorably in many widely-read newspapers and magazines targeting a general readership.

[**Indicator 2**] Modern scholarly endeavors increasingly require collaboration among many researchers working across different specialties or intellectual exchange among 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, John Adams, James Madison, James Monroe, and James Polk; important cultural figures such as early 20th-century inventor Thomas Edison and entertainer William F. "Buffalo Bill" Cody; and such literary figures as Mark Twain, Walt Whitman, and Robert and Elizabeth Barrett Browning.

Translation projects make important literary and historical material accessible to English-speaking scholars and readers. Scholars at Connecticut College, for example, worked with NEH support during FY2018 to collect and translate the journals and notebooks of 19th-century Danish

philosopher Soren Kierkegaard. Bruce Kirmmse, the head of the project, has been able to use NEH support to leverage equal support from the Danish government. Scholars at the University of Nebraska led by Andrew Jewell, received an NEH grant to support the collect and publish in digial format the letters of famed American novelist Willa Cather.

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 2018, for example, Brown University received a grant to support archaeological fieldwork in La Cuernavilla, Guatamala that will shed new light on the military aspirations of the Maya civilization, based on discovery of several Mayan forts and military installations. The project will yield journal articles, a monograph, an open-access database, and a website, all of which will help scholars understand the rise and fall not only of these empires, but also of empires in other times and places.

[**Indicator 3**] Fellowship Programs at Independent Research Institutions support 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. The American School of Classical Studies in Athens, for example, which maintains an office in Greece, received continuing NEH support in FY 2018 to aid U.S.-based scholars conducting research in Greece. The American School provides these scholars with fellowships, arranges the required permits and affiliations, and provides a safe environment for ongoing humanities research.

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

PERFORMANCE INDICATORS:

- FY 2018: Support for *28*/**30** NEH summer seminars and institutes will enable *364*/**222** college teachers and *364*/**462** school teachers to revitalize their knowledge and teaching of the humanities. College teachers participating in seminars and institutes during the summer of 2019 will reach approximately *63,700*/**38,850** students annually; school teacher participants will reach approximately *45,500*/**57,750** annually.

Support for *12*/**15** "Landmarks of American History and Culture" workshops to take place in the summer of 2019 will enable approximately *864*/**1,080** school teachers to revitalize their knowledge and teaching of American history and culture, 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 *108,000*/**135,000** students.

In FY 2018, made **13** awards in its most recent program, the Dialogues on the Experience of War, which is specifically concerned with veterans and active service members.

- FY 2017: Support for *40*/**41** NEH summer seminars and institutes enabled *455*/**444** college teachers and *455*/**905** 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 *79,625*/**77,700** students annually; school teacher participants will reach approximately *56,875*/**113,125** annually.

The "Landmarks of American History and Culture" program was temporarily suspended for FY 2017; it was reintroduced for FY 2018, to support workshops taking place in the summer of 2019.

Support for *12*/**16** awards in its new program, Dialogues on the Experience of War, which is specifically concerned with veterans and active service members.

- FY 2016: Support for *49*/**46** NEH summer seminars and institutes enabled *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 2017 enabled approximately *1,584*/**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, 17 awards were made in a new program, 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.

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 2018: Support for *10*/**0** 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. (The application deadline for this program was shifted, so no applications were received during FY 2018.)

  Support for *20*/**23** Humanities Connections projects are enabling faculty at community colleges, colleges, and universities to enhance undergraduate humanities education, to forge links between the humanities and other fields, and to engage undergraduate students in expanded experiential education opportunities. This newly introduced program funds curricular enhancement projects that help strengthen connections among humanities programs and fields outside the humanities.

- FY 2017: Support for *10*/**8** Humanities Initiatives at Community Colleges projects are supporting community colleges' commitment to educating students on a variety of educational and career paths. This program funds curricular and faculty development projects that help strengthen humanities programs and/or incorporate humanistic approaches in fields outside the humanities.

Support for *20*/**18** Humanities Connections projects are enabling faculty at community colleges, colleges, and universities to enhance undergraduate humanities education, to forge links between the humanities and other fields, and to engage undergraduate students in expanded experiential education opportunities. This newly introduced program funds curricular enhancement projects that help strengthen connections among humanities programs and fields outside the humanities.

- 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.

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 2018: Humanities Initiatives at Presidentially Designated Institutions provided *12*/**11** grants to support faculty professional development activities for improvement in humanities instruction, as well as other capacity building activities at these institutions.

- FY 2017: Humanities Initiatives at Presidentially Designated Institutions provided *10*/**13** grants to support faculty professional development activities for improvement in humanities instruction, as well as other capacity building activities at these institutions.

- 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.

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.)

- <u>FY 2018</u>: 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.

- <u>FY 2017</u>: 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.

- <u>FY 2016</u>: 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 2018 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 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.

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 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.

NEH annually supports Summer Seminars and Institutes on a range of topics in the humanities. During the summer of 2018, for example, pre-collegiate teachers studied such topics as *Moby-Dick* and the World of Whaling in the Digital Age; the Legacies of the Global Mongol Empire; the 1918 Spanish Influenza in U.S. and World History; and America's Reconstruction. For 2018,

college-level faculty studied, among other topics, the *Bhagavad Gita*; women's suffrage in the Americas; the visual culture of the American Civil War; and the global history of disability.

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. The division temporarily suspended funding for workshops in 2017, so no Landmarks workshops were offered during the summer of 2017. Because funding to this valuable program was reinstated in 2018, a new set of workshops will be offered during the summer of 2019.

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 has been a part of the agency's *Standing Together* initiative, which emphasized the innovative ways in which the humanities can engage military veterans and communities. Thirteen awards were made in the most recent round of this grant competition, including grants to fund discussion groups for veterans in the greater Milwaukee area on the moral and spiritual injuries of war; the training of veteran discussion leaders, the creation of an undergraduate humanities seminar, "From War Zone to Home," for student veterans, and public programs on veterans' homecomings in Miami, Ohio; and a two-semester training course for museum studies graduate students and veteran curator-artists, along with public discussion programs, on veterans' artistic responses to war experiences.

[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. Because the competition deadline was shifted from January to July, no awards were made in this program during FY 2018. New awards will be made in FY 2019.

In FY 2017, the Division of Education Programs established the Humanities Connections grant, designed to expand the role of the humanities in undergraduate education at two- and four-year institutions. Grants support innovative curricular approaches that foster productive partnerships among humanities faculty and their counterparts in the social and natural sciences and in pre-service or professional programs (such as business, engineering, health sciences, law, computer science, and other technology-driven fields). In its second year, this grant program funded fifteen planning grants and eight implementation grants to fund projects at such institutions as

Misericordia University (PA), Medaille College (NY), Pawnee Nation College (OK), and Xavier University of Louisiana (LA).

[**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 2018, NEH funded a total of eleven Humanities Initiatives at Minority-Serving Institutions. Institutions used these awards to fund a variety of projects. For instance, Tuskegee University (AL) used its Humanities Initiatives at Historically Black Colleges and Universities award to fund a two-year faculty and curricular development project to integrate humanities study and architectural training and to create an interdisciplinary minor in African American Studies. Blackfeet Community College (MT) received a Humanities Initiatives at Tribal Colleges and Universities award to record Piikani-speaking elders and to incorporate interviews into liberal arts courses at the institution. Kean University (NJ) received an award to fund a three-year program to develop a new History Lab and an undergraduate curriculum focused on the life and times of William Livingston, the first elected governor of New Jersey.

[**Indicator 4**] In FY 2017, the Division of Education Programs welcomed NEH's EDSITEment project a website for K-12 educators and students into the division after a four-year residency in the Chairman's Office. Now approaching its twentieth anniversary, this award-winning site brings a well-respected, robust means of digital outreach to the K-12 community that includes over 500 lesson plans and scores of student interactives and professional and classroom development resources.   During FY 2018, EDSITEment's ca. 2.5 million viewers garnered over four million page views. Among the site's most popular pages were lesson plans for teaching topics related to the role of Native Americans in the American Revolution; the Statue of Liberty; Advanced Placement poetry; and the meaning of Woodrow Wilson's foreign policy.

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 2018: **40** projects will preserve and/or provide access to **8,708** hours of recorded sound and video collections; *404* linear feet of archival documents; and **856,806** manuscripts, broadsides, oversize volumes, and other non-print materials.

- FY 2017: **39** projects will preserve and/or provide access to **13,000** hours of recorded sound and video collections; **1,070** linear feet of archival documents; and **750,000** manuscripts, broadsides, oversize volumes, and other non-print materials.

- 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, oversize volumes, and other non-print materials.

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 2018: Supported projects will digitize **1.8 million pages** of microfilm pages of historic newspapers.

- FY 2017: Supported projects will digitize **4.5 million pages** of microfilm pages of historic newspapers.

- FY 2016: Supported projects are digitizing hundreds of thousands of microfilm pages of historic newspapers.

- FY 2015: Supported projects 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 2018: Grants were made to **4** projects to begin or continue work on the preparation of dictionaries, atlases, encyclopedias, and textbases central to knowledge and understanding of the humanities.

- FY 2017: Grants were made to **6** projects to begin or continue work on the preparation of dictionaries, atlases, encyclopedias, and textbases central to knowledge and understanding of 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.

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 2018: **4** projects were supported for the creation of tools—such as bilingual dictionaries, grammars, and text collections—that document languages threatened with extinction.

- FY 2017: **3** projects were supported for the creation of tools—such as bilingual dictionaries, grammars, and text collections—that document languages threatened with extinction.

- 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 2018: **5** projects 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 2017: **5** projects 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 2016: *8*/**8** awards 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.

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 2018: **7** awards were made for regional and national education programs that are providing training for **253,209** people in U.S. museums, libraries, archives, and historical organizations.

- FY 2017: **7** awards were made for regional and national education programs that are providing training for *590,000* people in U.S. museums, libraries, archives, and historical organizations.

- 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.

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

- FY 2018: Projects supported are assisting in preserving collections at **75** institutions in **42** states. Approximately 39 percent of the awards will go to first-time NEH grantees.

- FY 2017: Projects supported are assisting in preserving collections at **75** institutions in **33** states. Approximately 39 percent of the awards will go to first-time NEH grantees.

- FY 2016: Projects supported are assisting in preserving collections at *80*/**80** institutions in *30*/3**0** states. Approximately 30 percent of the awards went 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 2018 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 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.

Furthermore, Humanities Collections and Reference Resources Foundations 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. For example, a Foundations grant recently made to the Huguenot Historical Society in New Paltz, New York, supports a project to assess and digitize correspondence, financial records, real estate deeds, scrapbooks, and military records documenting an important, culturally diverse local community in early America.

The Endowment also encourages efforts to preserve and create access to significant humanities collections, among them sound recordings and moving images—an indispensable source of information on the history of the 20th century. In FY 2018, support was provided to Wisconsin Library Services to digitize 1,100 oral history interviews documenting the experiences of Wisconsin veterans and civilians in wartimes. These interviews, dispersed in small local libraries and historical societies throughout the state, capture the perspectives of families, workers, and refugees, and furnish information on all major military conflicts that the United States has been involved in during the 1900s. Another project focused on audiovisual sources is now underway at Duke University to expand access to its collection of 4,000 hours of sound recordings from Radio Haiti, that country's first independent radio station, which operated from 1935 to 2003. The digitization of these recordings and their description in Creole, French, and English, will facilitate access to the collection in Haiti, in essence repatriating this unparalleled source of historical and cultural documentation.

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. The Common Heritage program captures this vitally important part of our country's heritage and preserves it for future generations. For example, support was recently provided to the Montana Historical Society to collect family recipes, cookbooks, photographs of celebrations, picnics and fairs, records of homemaker clubs, and artifacts related to food preservation and preparation, in order to preserve the rich legacies of agriculture, industry, and immigration that have shaped life in rural Richland and Roosevelt counties in eastern Montana.

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 2018, for example, the Grand Rapids Public Museum received a grant to improve its storage facilities to ensure the highest standards of preservation and access to its history collection, which includes thousands of pieces of furniture and fashion and other historic objects. The museum is undertaking a bulk inventory of its holdings, analyze existing storage and preservation issues, and redesigning its layout with an eye toward carrying out future improvements..

[**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 (NDNP). Under the terms of this partnership, the Endowment will provide grants to an institution or organization in each state and territory to digitize titles published between 1690 and 1963 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 forty-six state projects, each of which is contributing at least 300,000 pages of digitized newspapers. Recently, NEH welcomed a new state partners: Alabama. Thus far, more than 13 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 United States from 1690 to the present, are publicly accessible online through the *Chronicling America* Web site: https://chroniclingamerica.loc.gov/. Many projects are now also digitizing U.S. newspapers published in French, German, Italian, Polish, Spanish, and other languages, thus providing access to the nation's vibrant ethnic and immigrant press.

[**Indicator 3**] In FY 2018, the Humanities Collections and Reference Resources program provided support to the University of Georgia's project "Mapping of Early America," an effort to represent in digital form the changing migration of people to and within North America between 1500 and 1790. The team is producing an online platform with digital features, such as time-lapse maps, to enable users to plot the movements of European, African, and indigenous groups at different points in early American history. Also, a recent grant to the University of California, Santa Barbara is supporting the expansion of its Discography of American Historical Recordings to include the entire output of Thomas Edison's recording company, Edison Diamond Discs, comprising some 14,000 recordings released from 1912 to 1929.

[**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 2018 a collaborative team of linguists and technical experts from the University of Arizona and Indiana University-Purdue University, Indianapolis received support to develop a Web resource for Coeur d'Alene, a Native American language spoken in northern Idaho by a very small number of native speakers and a growing community of second-language learners.

[**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 planning and implementation 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. In FY 2018, a grant to Northwestern University is supporting study and develop a web-based portal for documenting metal soap formation in Georgia O'Keeffe's paintings in the Georgia O'Keeffe museum in Santa Fe, New Mexico. Paint protrusions are a common form of deterioration in historic paintings, and the portal will facilitate work to document and develop treatments as well as inform museum staff on the exhibition, storage, and transportation of such works

[**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 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. It also assists regional preservation field services provide smaller cultural institutions across the country with the advice and knowledge they need to preserve their collections. For example, grant to the Midwest Art Conservation Center (MACC) is supporting preservation services, educational opportunities, and preservation assessments for cultural heritage institutions predominantly in the Upper Midwest. In addition, MACC is piloting a training program for Native American tribal members, in which students obtain a three-month fellowship to study art handling, collection assessment, conservation documentation, collection management, and technical research and writing.

 [**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. Applicants can also request up to $1,000 in additional funds to support the mentorship of emerging professionals under the tutelage of a senior preservation specialist. And in 2018, the division offered awards of $10,000 for emergency response to institutions whose collections were damaged by Hurricanes Harvey, Irma, and María in late summer-early fall of 2017. 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 17 years since the program began, over 2,000 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 2018: *29*/**29** 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 2017: *50*/**27** 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 2016: *50*/**30** 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*/**29** 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.

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 2018: *14*/**14** grants for television/radio projects will produce *47*/(**47**) broadcast hours and draw a cumulative audience of approximately *24*/(**24**) million people.

- FY 2017: *16*/**21** grants for television/radio projects will produce *50*/(**72**) broadcast hours and draw a cumulative audience of approximately *25*/(**70**) million people.

- FY 2016: *16*/**25** grants for television/radio projects will produce *52*/(85)

broadcast hours and draw a cumulative audience of approximately *20*/(85) million people.

- FY 2015: *30*/**20** grants for television/radio projects will produce *105*/(90) broadcast hours and draw a cumulative audience of approximately *35.5*/(30) 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 2018: *27*/**27** 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 2017: *30*/**21** 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 2016: *30*/**27** 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*/**22** 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.

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 2018: *7*/**7** 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 2017: *10*/**13** 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 2016: *10*/**8** 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 2017 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 2018 accomplishments.

[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 2018, Idaho State Historical Society received NEH funding for a permanent exhibition, *Idaho: The Land and its People*. This exhibition explores the history of Native Americans and settlement in the state of Idaho. New programs include an orientation film, an exhibition, and public programs.

Many of the Endowment's projects in museums and libraries have made a profound difference in cities and towns across America. NEH support enables museums, libraries, and cultural

organizations to reach underserved groups and to engage them in thoughtful consideration of humanities ideas. One recent example is the Great Stories Club project run through the American Library Association. One initiative in this project supported programs using literature to discuss teen suicide with at-risk youth at 75 libraries across the country. The grant made available to each library training for discussion leaders that included special preparation for addressing mental health concerns, discussion guides for working with reluctant readers, and copies of books for all participants.

[**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 the United States. The Endowment encourages projects to include public engagement and educational resources that extend the value of the content years beyond the initial broadcast. Public engagement strategies often include screening and discussion events, websites, classroom curriculum and activities, and other creative approaches that provide for further exploration of the humanities content and expand the 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 engage a team of scholars who are knowledgeable in the subject matter and represent broad and diverse range of perspectives and areas of expertise appropriate to the themes explored.

In September, PBS broadcast *The Jazz Ambassadors* from WNET, a two-hour historical documentary exploring the use of jazz musicians by the State Department in the Cold War. The film includes a vast array of rare archival film material. When it premiered, the series garnered attention in most major publications. An NEH-funded radio and podcast series, Public Radio International's *The World in Words*, exploring the linguistic meaning of words in different countries, also premiered. Through narration, on-air contributions by scholars, and archival audio, the series provides a new perspective on the meaning of words in different cultures.

[**Indicator 3**] The Endowment is committed to extending the reach of high quality educational exhibitions to audiences throughout the country. Since 2005, *NEH on the Road* has achieved this objective by circulating 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 on the Road 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 support the development and production of games, mobile applications, and other interactive platforms that provide opportunities for public engagement with humanities content. The Endowment funds projects that employ the creative use of digital technologies in bringing humanities content to the public, grant products in this

category often result in vital tools for educators. Like all NEH-supported public projects, projects funded in this grant line must include a team of subject area experts who can speak to the scholarship of the topic, as well as a team of media experts who can help to integrate and execute these ideas. In 2018, the program funded Ratifying the Constitution: A Digital Game Opportunity from iCivics. This interactive game creates an immersive environment that allows players to explore the history of the ratification of the United States Constitution.

South Carolina Educational Television TV Endowment of was also awarded $100,000 for *Reconstruction 360*, an immersive, online interactive documentary composed of short 360-degree videos, primary documents, audio clips, maps, and other artifacts. The project would allow users to examine multiple perspectives on the impact and legacy of Reconstruction.

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 2018: Support for the programs and operations of the state humanities councils is making possible high quality locally initiated humanities programs throughout the nation, including *2,800/*(**2,524**) reading and discussion programs, *550*(**597**) exhibitions, *850/*(**572**) literacy programs, *990/*(**1,629**) speakers bureau presentations, *315/*(**311**) teacher institutes and workshops, *580/*(**438**) conferences and symposia, *860/*(**438**) Chautauqua events, *870/*(**1,744**) media program events, *720/*(**452**) technology projects, *45/*(**42**) preservation projects, and *390/*(**192**) local history projects.

- FY 2017: Support for the programs and operations of the state humanities councils is making possible high quality locally initiated humanities programs throughout the nation, including *3875/*(**2,837**) reading and discussion programs, *625//*(**555**) exhibitions, *1,100/*(**841**) literacy programs, *975/*(**987**) speakers bureau presentations, *1,300/*(**315**) teacher institutes and workshops, *1,300/*(**585**) conferences and symposia, *400//*(**362**) Chautauqua events, *2,750/*(**863**) media program events, *2,500/*(**723**) technology projects, *115//*(**46**) preservation projects, and *1,125//*(**396**) local history projects.

- 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.

- <u>FY 2015</u>: 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.

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

- <u>FY 2018</u>: Support for the programs and operations of the state humanities councils is making possible high quality council-conducted humanities programs throughout the nation, including *8,500/*(**7,573**) reading and discussion programs, *1,600/*(**1,792**) exhibitions, *2,500/*(**1,715**) literacy programs, *2,900/***4,886** speakers bureau presentations, *940/*(**933**) teacher institutes and workshops, *1,700/*(**1,313**) conferences and symposia, *1,000/*(**1,314**) Chautauqua events, *2,500/*(**5,232**) media program events, *2,100/*(**1,356**) technology projects, *130/*(**124**) preservation projects and *1,000/*(**577**) local history projects.

- <u>FY 2017</u>: Support for the programs and operations of the state humanities councils is making possible high quality council-conducted humanities programs throughout the nation, including *11,625/*(**8513**) reading and discussion programs, *1,875/*(**1666**) exhibitions, 3,300/(**2,523**) literacy programs, *2,925/***2,961** speakers bureau presentations, *2,025/*(**946**) teacher institutes and workshops, *3,900/*(**1755**) conferences and symposia, 1,200/(**1088**) Chautauqua events, *8,250/*(**2,589**) media program events, *7,500/*(**2,169**) technology projects, *335/*(**138**) preservation projects and *3,375/*(**1,188**) local history projects.

- <u>FY 2016</u>: 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.

- <u>FY 2015</u>: 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 2018: Support for the programs and operations of the state humanities councils is making possible *6,000*/(**8,784**) high technology projects.

- FY 2017: Support for the programs and operations of the state humanities councils is making possible *1,500*/(**6,345**) high technology projects.

- 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 2018: *8.200*/(**12.942**) collaborations with colleges and universities, museums, libraries, historical societies, and other institutions were conducted.

- FY 2017: *5,500*/(**8,222**) collaborations with colleges and universities, museums, libraries, historical societies, and other institutions were conducted.

- 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 2018: *8,500*/(**10,097**) programs to promote civil discussion will be conducted.

- FY 2017: *5,500*/(**8,513**) programs to promote civil discussion will be conducted.

- 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.

FY 2018 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 2017, the Endowment provided a planning grant to a nonprofit cultural organization towards establishing a council in the U.S. Virgin Islands. The councils fulfill the requirement in the agency's founding legislation—National Foundation on the Arts and the Humanities Act of 1965, as amended—that the Endowment support humanities programs throughout the United 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, on average, 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 enjoy the benefits they offer.

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 13 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 1] Examples of council-conducted programs for veterans 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. Many of the councils publish monthly or quarterly magazines and most now offer content through both the print publication and digital platforms or have moved entirely to digital distribution.

[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 other informal settings 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 neighborhood history 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. ReNEW Charter Schools in New Orleans recently shared a study comparing the scores of students who participated in PRIME TIME Family Reading programs versus those of non-PRIME TIME participants.The 2015-16 report shows that students who attended PRIME TIME outperformed their peers on two literacy assessments of students' language and early reading and writing behaviors. Additionally, teachers who participated in PRIME TIME also benefited from the program. Students of the teachers who participated as PRIME TIME facilitators or coordinators in 2015-16 scored 10% above school average in the STEP end-of-year mastery of print awareness objectives. In FY2018, the Louisiana Foundation for the Humanities received a grant from the U.S. Department of Education to pilot Prime Time Family Reading in Head Start Programs in several Louisiana Parishes.

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 2018: *20*/**20** Digital Humanities Advancement Grant (Level I & II) projects and *8*/**8** Digital Humanities Advancement Grant (Level III) 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 2017: *20*/**22** Digital Humanities Advancement Grant (Level I & II) projects and *5/5* Digital Humanities Advancement Grant (Level III) 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 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.

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 2018: *3*/**3** 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 2017: *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 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.

ANALYSIS:

Availability of data. Accurate data on the performance of the digital humanities projects that received NEH support during FY 2018 will be provided by the respective project directors in their regularly scheduled progress reports. To the extent partial data on FY 2018 activities are available, they are shown in parenthesis above. We expect to be able to report more complete FY 2018 data in the FY 2019 PAR.

FY 2018 accomplishments. Just as astronomers need telescopes to view distant stars and chemists need mass spectrometers to analyze laboratory samples, humanities scholars in the digital age need tools, methods, and infrastructure to perform their work. The very objects that scholars study on a daily basis – books, music, newspapers, images, ancient artefacts – are increasingly available in digital form and this alters the fundamental methods of humanities scholarship.

Over the years, the NEH has been an important funder of humanities tools and infrastructure. Some major examples might include an infrastructure project like the Perseus Digital Library (a digital platform used by nearly every classics professor or student in the world); a technique-based project like Livingstone Online (which developed new techniques in spectral analysis that

are now widely used to uncover hidden manuscript texts like the diary of David Livingstone or religious manuscripts at St. Catherine's Monastery in the Sinai); or a methods-based project like Topic Modeling for Humanities Research (a workshop that helped bring a new text analysis technique into wide use within the humanities).

The Office of Digital Humanities is the NEH office that focuses on funding humanities tools and infrastructure and over the past ten years has emerged as an international leader in developing the digital humanities.

[**Indicator 1**] The Digital Humanities Advancement Grant (DHAG) program allows applicants to experiment, to build, and to deploy new methods, tools, and infrastructure for the humanities.

In addition to funding new research into such infrastructure, the DHAG program can also provide funding to revitalize or sustain existing infrastructure projects that have already demonstrated an important impact to the humanities. This addresses a key problem for the agency: how to *sustain* digital projects we have funded in the past, particularly those that are continuing to provide critical services to the field.

The DHAG program is relatively new, and it combines the features of two previous long-standing programs: The Digital Humanities Start-Up Grant program and the Digital Humanities Implementation Grant program.

In FY 2017, Carnegie Mellon University in Pennsylvania, in cooperation with the University of California, Berkeley, received a DHAG grant in support of *Text in Situ: Reasoning about Visual Information in the Computational Analysis of Books*. This groundbreaking project brings together researchers from computer science, information science, literature, and classics to explore innovative new methods for computational analysis of books that look not just at the raw text, but the entire page in context, including its layout, images, and design.

 [**Indicator 2**]

In FY 2018, a grant was awarded to the University of Florida to host a training institute called *Migration, Mobility, and Sustainability: Caribbean Studies and Digital Humanities*. This institute focuses on training college and university faculty and staff on new, digital methods for teaching about the history and culture of the Caribbean. Guest lecturers will include professors from the University of Puerto Rico and Florida International University.

Also, in FY 2017 Cornell University Press received a Humanities Open Book grant to make 57 books available, including titles in anthropology, classics, political science, and literary theory. The books are being distributed at no charge via numerous platforms, including Cornell Open, JSTOR, Amazon, Project MUSE, and HathiTrust. Thus far, 22 of the books have been released and have already received over 60,000 downloads.

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

PERFORMANCE INDICATORS:

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

- FY 2018: By FY 2021, NEH Challenge Grants awarded in FY 2018 will generate more than *$27*/**39** million in nonfederal donations to recipient institutions in support of their humanities activities

- FY 2017: By FY 2021, NEH Challenge Grants awarded in FY 2017 will generate more than *$26*/**25** million in nonfederal donations to recipient institutions in support of their humanities 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.

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

- FY 2018: The efforts of cultural and educational institutions to use digital technologies will be encouraged.

- FY 2017: The efforts of cultural and educational institutions to use digital technologies will be encouraged.

- 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 will be encouraged.

3) 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.

- FY 2018: *25*/**15** Humanities Access grants were awarded to help support

capacity building for existing humanities programs that benefit one or more of the following group: children, family and young adults.

15/**4** Next Generation Humanities PhD grants were awarded to Presidentially-designated minority-serving institutions and two-year colleges. When completed, these challenges will leverage $.1/**0.7** million in third-party support for these vital institutions.

- <u>FY 2017</u>: *31*/**25** Access grants were awarded to help support capacity building for existing humanities programs that benefit one or more of the following group: children, family and young adults.

- <u>FY 2016</u>: 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.

  25/**30** Next Generation Humanities PhD grants were first introduced and awarded to Presidentially-designated minority-serving institutions and two-year colleges. When completed, these challenges will leverage $.56/**0.7** million in third-party support for these vital institutions.

FY 2018 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] Since its inception in 1977, the NEH Challenge Grants program has generated more than $2.1 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 2018, the Georgia Historical Society was awarded a $500,000 Infrastructure and Capacity Building Challenge Grant that will leverage an additional $1.5 million in non-federal giving to support renovations to their Research Center. As the largest repository of primary humanities resources in Georgia, the Research Center's extensive collection of books, photographs, maps and drawing, manuscripts, artworks, and artifacts dealing with the history of the state is regularly used by filmmakers, researchers and the general public. The Georgia Historical Society will upgrade and renovate the mechanical, engineering, and plumbing systems in their historic Hodgson Hall (1887), and replace the building's roof and windows. In addition to more space for collections storage, the expansion will facilitate further archival

processing and conservation work to prolong use and life of these important humanities collections.

[Indicator 2] In FY 2018, NEH Challenge Grants provided support for the institutional capacity that makes sustained use of advanced technology possible. For example, NEH awarded the Alexandria Archive Institute $500,000 to expand archaeological data publishing and archiving services, to develop a data literacy program for the public, and establish a consortium to sustain open access to archaeological data in the future. A ten-year short-term endowment fund would support five staff positions at the organization, and would help strengthen, broaden, and diversify the models needed to sustain free and open scholarship.

[Indicator 3] 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.

Elizabeth City State University (ECSU), a public historically black university in Elizabeth City, North Carolina, was awarded $350,000 to renovate two 1920s-era school buildings located on the campus, including a Rosenwald School (1921) and the early Principal's house (1923). The renovation of these historical buildings will include students and faculty from ECSU and from the Historic Preservation Technology program at Edgecombe Community College, as well as volunteers from HistoriCorp Institute. When completed, the buildings will serve as a "Research and Cultural Heritage Center" for the academic and local community.

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 2018: Fund-raising by recipients of an NEH matching award generated more than *$2.2*/**2.0** million in third-party support for humanities projects.

- FY 2017: Fund-raising by recipients of an NEH matching award generated more than *$2.2*/**2.2** million in third-party support for humanities projects.

- FY 2016: Fund-raising by recipients of an NEH matching award generated more than *$2.4*/**2.1** 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 2018: NEH partnerships with the private-sector will generate support for exemplary activities in the humanities.

- FY 2017: NEH partnerships with the private-sector will generate support for exemplary activities in the humanities.

- FY 2016: 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 2018 accomplishments.

[Indicator 1] Fund-raising by recipients of an NEH matching award generated more than $2.02 million in third-party support for discrete humanities projects. Recipients of an NEH Challenge Grant leveraged an additional $36 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 include an ongoing series of academic conferences, co-sponsored by the Ministry of Culture of the People's Republic of China, that bring together Chinese and American scholars to discuss common interests in the humanities, and 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. And, 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.

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 almost 600 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. Over 2,000,000 unique visitors— teachers, students, and parents—avail themselves of EDSITEment's rich resources each year.

III. FINANCIAL INFORMATION

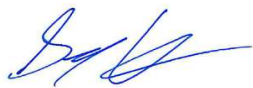### A Message from the Director of the Accounting Office

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 2018. 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 financial statements for the twelfth consecutive year, indicating the Endowment's continued responsible stewardship of the taxpayer dollars to which it has been entrusted.

The Accounting Office continues to seek opportunities to improve the delivery of information to stakeholders and streamline agency transaction processing. During this reporting period, we improved and streamlined our internal processes for reporting DATA Act information to USASpending.gov and we implemented a process to increase our offices ability to perform detailed analyses of a variety of account balances and activity, allowing for additional insight into agency operations.

In fiscal year 2019, our office will continue to seek out opportunities to further improve and streamline accounting operations by exploring automation and other electronic data-entry options. We believe these options will offer additional efficiencies and customer service to our payees.

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 2018 unmodified opinion possible.

Sean Doss
Director, Accounting Office

November 2, 2018

The audit report begins on the next page.

National Endowment for the Humanities

Audit of Financial Statements

As of and for the Year Ended
September 30, 2018

Submitted By

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

LEON SNEAD
& COMPANY, P.C.

Certified Public Accountants
& Management Consultants

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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, 2018 and 2017, and the related statements of net cost, changes in net position, and budgetary resources 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, 2018 and 2017, 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 over 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 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, 2018 and 2017, 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 on Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NEH as of September 30, 2018 and 2017, 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 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 19-01, *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 FASAB 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 Over Financial Reporting

In planning and performing our audit of the financial statements of NEH as of and for the years ended September 30, 2018 and 2017, 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 with Laws, Regulations, Contracts, and Grant Agreements

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 14, 2018

THE CHAIRMAN

November 6, 2018

Sue Chen
Audit Manager
Leon Snead & Company, P.C.
416 Hungerford Drive, Suite 400
Rockville, MD 20850

Dear Ms. Chen:

Thank you for the opportunity to comment on the draft audit report of the National Endowment for the Humanities (NEH) for fiscal year 2018.

We concur with the facts and conclusions of your report. We are pleased to learn of the unmodified opinion on NEH's financial statements. 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,

Carlos Diaz-Rosillo
Senior Deputy Chairman

cc: Laura Davis
        Sean Doss

Audited Financial Statements

As of and for the Years Ended September 30, 2018 and 2017

NATIONAL ENDOWMENT FOR THE HUMANITIES

BALANCE SHEET
As of September 30, 2018 and 2017
(in US Dollars)

ASSETS	2018	2017
Intragovernmental:		
Cash & fund balances w/ U.S. Treasury (Note 2)	$ 161,312,241	$ 153,089,074
Receivables and advances (Note 3)	1,067,248	1,114,222
Total intragovernmental	162,379,489	154,203,296
Receivables and advances (Note 3)	3,149,741	2,634,554
Property and equipment, net (Note 4)	1,076,668	826,266
TOTAL ASSETS	166,605,898	157,664,116
LIABILITIES		
Intragovernmental:		
Accounts payable and accrued expenses (Note 5 & 8)	217,912	207,967
Custodial liability	-	-
Total intragovernmental	217,912	207,967
Accounts payable and accrued expenses (Note 5 & 8)	21,440,381	21,578,969
Unfunded FECA actuarial liability (Notes 5 & 8)	247,130	241,338
Unfunded annual leave (Notes 5 & 8)	1,058,992	1,043,290
TOTAL LIABILITIES	22,964,415	23,071,564
Commitments and contingencies (Note 1)		
NET POSITION		
Unexpended appropriations - other funds	143,092,352	134,064,375
Cumulative results operations - other funds	(148,870)	(392,634)
Cumulative results operations - funds from dedicated collections (Note 10)	698,001	920,811
TOTAL NET POSITION	143,641,483	134,592,552
TOTAL LIABILITIES AND NET POSITION	$ 166,605,898	$ 157,664,116

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, 2018 and 2017
(in US Dollars)

	2018	2017
PROGRAM COSTS (Notes 1, 11, 13, & 15)		
Bridging Cultures		
Gross costs	$ 575,753	$ 1,649,230
Less: earned revenue	(1,704)	(5,793)
Net costs	574,049	1,643,437
Challenge Grants		
Gross costs	6,252,329	8,347,776
Less: earned revenue	(18,509)	(29,167)
Net costs	6,233,820	8,318,609
Common Good		
Gross costs	4,529,866	3,739,073
Less: earned revenue	(13,410)	(13,134)
Net costs	4,516,456	3,725,939
Digital Humanities		
Gross costs	6,419,793	5,292,374
Less: earned revenue	(216,469)	(18,355)
Net costs	6,203,324	5,274,019
Education		
Gross costs	14,513,170	15,647,434
Less: earned revenue	(42,299)	(54,345)
Net costs	14,470,871	15,593,089
Federal/State Partnership		
Gross costs	53,742,702	50,463,887
Less: earned revenue	(158,889)	(177,086)
Net costs	53,583,813	50,286,801
Preservation and Access		
Gross costs	18,728,398	19,650,440
Less: earned revenue	(54,758)	(69,920)
Net costs	18,673,640	19,580,520
Program Development		
Gross costs	586,593	693,519
Less: earned revenue	(1,737)	(152,436)
Net costs	584,856	541,083
Public		
Gross costs	18,237,803	18,932,700
Less: earned revenue	(53,407)	(65,871)
Net costs	18,184,396	18,866,829
Research		
Gross costs	19,626,749	19,200,462
Less: earned revenue	(209,585)	(178,038)
Net costs	19,417,164	19,022,424
Treasury Funds		
Gross costs	2,483,366	2,831,897
Less: earned revenue	(7,352)	(9,948)
Net costs	2,476,014	2,821,949
We the People		
Gross costs	54,816	312,237
Less: earned revenue	(162)	(1,097)
Net costs	54,654	311,140
TOTAL PROGRAMS		
Gross costs	145,751,338	146,761,029
Less: earned revenue	(778,281)	(775,190)
NET COST OF OPERATIONS	$ 144,973,057	$ 145,985,839

The accompanying notes are an integral part of these statements.

NATIONAL ENDOWMENT FOR THE Humanities

STATEMENT OF CHANGES IN NET POSITION
For the Years Ended September 30, 2018 and 2017
(in US Dollars)

	2018			2017		
	Funds from Dedicated Collections (Note 10)	All Other Funds	Total	Funds from Dedicated Collections (Note 10)	All Other Funds	Total
UNEXPENDED APPROPRIATIONS						
Beginning balances	$ -	$ 134,064,374	$ 134,064,374	$ -	$ 129,143,671	$ 129,143,671
Beginning balances, as adjusted	-	134,064,374	134,064,374	-	129,143,671	129,143,671
Budgetary financing sources:						
Appropriations received	-	152,848,000	152,848,000	-	149,848,000	149,848,000
Appropriations used	-	(143,820,022)	(143,820,022)	-	(144,927,298)	(144,927,298)
Total budgetary financing sources	-	9,027,978	9,027,978	-	4,920,702	4,920,702
Total Unexpended Appropriations	-	143,092,352	143,092,352	-	134,064,375	134,064,375
CUMULATIVE RESULTS OF OPERATIONS						
Beginning balances	920,811	(392,634)	528,177	590,699	(516,459)	74,240
Beginning balances, as adjusted	920,811	(392,634)	528,177	590,699	(516,459)	74,240
Budgetary financing sources:						
Appropriations used	-	143,820,022	143,820,022	-	144,927,298	144,927,298
Donations	36,827	-	36,827	598,413	-	598,413
Other financing resources (Nonexchange):						
Imputed financing (Notes 1 & 11)	-	1,137,162	1,137,162	-	914,065	914,065
Total financing sources	36,827	144,957,184	144,994,011	598,413	145,841,363	146,439,776
Net cost of operations (Note 11)	(259,637)	(144,713,420)	(144,973,057)	(268,301)	(145,717,538)	(145,985,839)
Net change	(222,810)	243,764	20,954	330,112	123,825	453,937
Cumulative Results of Operations	698,001	(148,870)	549,131	920,811	(392,634)	528,177
NET POSITION	$ 698,001	$ 142,943,482	$ 143,641,483	$ 920,811	$ 133,671,741	$ 134,592,552

The accompanying notes are an integral part of these statements.

STATEMENT OF BUDGETARY RESOURCES
For the Years Ended September 30, 2018 and 2017
(in US Dollars)

	2018	2017
Budgetary Resources:		
Unobligated Balance from Prior Year Budget Authority, Net	$ 10,253,368	$ 7,963,422
Appropriations (discretionary and mandatory)	152,884,827	150,446,413
Spending authority from offsetting collections (discretionary and mandatory)	787,153	1,214,485
Total budgetary resources	163,925,348	159,624,320
Status of Budgetary Resources:		
New obligations and upward adjustments (total) (Note 12)	143,927,474	150,585,532
Unobligated balance, end of year:		
Apportioned, unexpired accounts	19,992,879	9,038,788
Unapportioned, unexpired accounts	4,995	-
Unexpired unobligated balance, end of year	19,997,874	9,038,788
Unobligated balance, end of year (total)	19,997,874	9,038,788
Total budgetary resources	163,925,348	159,624,320
Outlays, Net:		
Outlays, net (total) (discretionary and mandatory)	144,661,660	147,815,468
Distributed offsetting receipts (-)	(124,452)	(625,776)
Agency outlays, net (discretionary and mandatory)	$ 144,537,208	$ 147,189,692

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
Notes to the Financial Statements
As of and for the Years Ended
September 30, 2018 and 2017
(In Dollars)

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National Endowment for the Humanities
Notes to the Financial Statements
As of and for the Years Ended
September 30, 2018 and 2017
(In Dollars)

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. There are no other component entities, or balances resulting from transactions with such entities, incorporated in the agency's financial statement and/or note presentation.

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.

National Endowment for the Humanities
Notes to the Financial Statements
As of and for the Years Ended
September 30, 2018 and 2017
(In Dollars)

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. The capitalization threshold for internal use software is $250,000 or above for aggregate costs. Service lives are listed below:

Description	Estimated Useful Life
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.

National Endowment for the Humanities
Notes to the Financial Statements
As of and for the Years Ended
September 30, 2018 and 2017
(In Dollars)

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.

National Endowment for the Humanities
Notes to the Financial Statements
As of and for the Years Ended
September 30, 2018 and 2017
(In Dollars)

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.

National Endowment for the Humanities
Notes to the Financial Statements
As of and for the Years Ended
September 30, 2018 and 2017
(In Dollars)

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 12 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 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

	2018	2017
Status of fund balance with Treasury:		
Unobligated balance - available	$ 19,992,879	$ 9,038,788
Unobligated balance - unavailable	4,995	-
Unfilled customer orders without advance	(641,557)	(657,885)
Receivables from federal sources	(2,172)	-
Obligated balance not yet disbursed	141,958,096	144,708,171
Total	$ 161,312,241	$ 153,089,074

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

	2018	2017
Gross receivables	Current	Current
Receivables from services to federal agencies:		
Advances to federal agencies	$ 1,065,076	$ 1,114,222
Other receivables	2,172	-
Receivables from the public:		
Advances to grantees	2,994,196	2,458,392
Other receivables	155,545	176,162
Net receivables	$ 4,216,989	$ 3,748,776

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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	2018 Net Book Value	2017 Net Book Value
Leasehold Improvements	10 years/Straight	$ 168,722	$ (71,707)	$ 97,015	$ 113,887
Office Equipment	5 years/Straight	295,541	(97,136)	198,405	68,558
Software - Internal Use	3 years/Straight	2,170,565	(1,532,382)	638,183	643,821
Software - In Development	Not Applicable	143,065	-	143,065	-
Total Property, Plant & Equipment		$2,777,893	$(1,701,225)	$ 1,076,668	$ 826,266

National Endowment for the Humanities
Notes to the Financial Statements
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Note 5 – Liabilities

	2018	2017
Intragovernmental:	Current	Current
Accrued Unfunded FECA	$ 45,971	$ 45,221
Advances from others	54,600	29,400
Employee contributions & payroll taxes payable	109,483	112,728
Custodial Liability	-	-
Unemployment and workers' compensation liability	3,734	-
Accrued liabilities due to federal agencies	4,124	20,618
Total Intragovernmental	217,912	207,967
With the Public:		
Accounts Payable	93,227	29,838
Accrued funded payroll	621,964	598,869
Actuarial FECA liability	247,130	241,338
Accrued unfunded leave	1,058,992	1,043,290
Accrued liabilities due - non-Government	20,725,190	20,950,262
Total Liabilities with the Public	22,746,503	22,863,597
Total Liabilities	$ 22,964,415	$ 23,071,564

National Endowment for the Humanities
Notes to the Financial Statements
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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 7th 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 2018	Office Space
Future payments due:	
Fiscal year 2019	$ 3,211,664
Fiscal year 2020	3,311,589
Fiscal year 2021	3,349,666
Fiscal year 2022	3,388,885
Fiscal year 2023	3,429,281
Total Future Lease Payments	$ 16,691,085

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.

	2018	2017
Collections for NEH projects funded in previous years	$ 87,625	$ 27,363
Total cash collections	87,625	27,363
Disposition of collections:		
Retained by NEH	-	-
Net custodial collection activity	$ 87,625	$ 27,363

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

	2018	2017
Intragovernmental		
Accrued unfunded FECA	$ 45,971	$ 45,221
Total intragovernmental	45,971	45,221
Actuarial FECA	247,130	241,338
Accrued unfunded leave	1,058,992	1,043,290
Total liabilities not covered by budgetary resources	1,352,093	1,329,849
Total liabilities covered by budgetary resources	21,612,322	21,741,715
Total liabilities not requiring budgetary resources	-	-
Total Liabilities	$ 22,964,415	$ 23,071,564

Liabilities covered by budgetary resources represent agency liabilities that are funded by existing Congressional appropriations. Liabilities not covered by budgetary resources are liabilities that will require a future Congressional appropriation in order to pay. Liabilities not requiring budgetary resources represent custodial collections that are due to the general fund of the U.S. Treasury and are not available for agency use.

Note 9 – 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 2018 has not been published. Actual numbers for fiscal year 2018 will be included in the President's Budget for fiscal year 2020, which will be published in February 2019 and will be available at http://www.whitehouse.gov/omb/budget.

There are no material differences between the amounts reported in the FY 2017 Statement of Budgetary Resources and the 2017 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.

National Endowment for the Humanities
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Note 9 (continued)

FY 2017 (in millions of dollars)	Budgetary Resources Available for Obligation	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Budget of the US Government	$ 161	$ 151	$ -	$ 147
Statement of Budgetary Resources	160	151		147
Differences (due to rounding)	$ (1)	$ -	$ -	$ -

Note 10 – 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).

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Note 10 – Funds from Dedicated Collections – (continued)

| | 2018 | | | | 2017 | | |
Balance Sheet, as of September 30th	Funds from Dedicated Collections Donations & Gifts	Eliminations	Total Funds from Dedicated Collections		Funds from Dedicated Collections Donations & Gifts	Eliminations	Total Funds from Dedicated Collections
Assets							
Fund Balance with Treasury	$ 693,337	$ -	$ 693,337		$ 939,705	$ -	$ 939,705
Other Assets - Intragov't Advances	63,104	-	63,104		52,333	-	52,333
Total Assets	756,441	-	756,441		992,038	-	992,038
Liabilities	58,439	-	58,439		71,227	-	71,227
Cumulative Results of Operations	698,002	-	698,002		920,811	-	920,811
Total Liabilities and Net Position	756,441	-	756,441		992,038	-	992,038
Statement of Net Cost, for the year ended September 30th							
Gross Program Costs	259,637	-	259,637		268,301	-	268,301
Less Earned Revenues	-	-	-		-	-	-
Net Program Costs	259,637	-	259,637		268,301	-	268,301
Costs not Attributable to Program Costs	-	-	-		-	-	-
Less Earned Revenues not Attributable to Program Costs	-	-	-		-	-	-
Net Cost of Operations	259,637	-	259,637		268,301	-	268,301
Statement of Changes in Net Position, for the year ended September 30th							
Net Position, Beginning of Period	920,811	-	920,811		590,699	-	590,699
Non-Exchange Revenue	36,827	-	36,827		598,413	-	598,413
Net Cost of Operations	259,637	-	259,637		268,301	-	268,301
Change in Net Position	(222,810)	-	(222,810)		330,112	-	330,112
Net Position, End of Period	$ 698,001	$ -	$ 698,001		$ 920,811	$ -	$ 920,811

National Endowment for the Humanities
Notes to the Financial Statements
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Note 11– Reconciliation of Net Cost of Operations to Budget

	2018	2017
RESOURCES USED TO FINANCE ACTIVITIES:		
Budgetary Resources Obligated		
New Obligations and upward adjustments	$ 143,927,474	$ 150,585,532
Less: Spending authority from offsetting collections, recoveries, and changes in unobligated balance	2,001,732	3,017,327
Obligations net of offsetting collections, recoveries, and changes in unobligated balance	141,925,742	147,568,205
Less: Offsetting receipts	124,452	625,776
Net Obligations	141,801,290	146,942,429
Other Resources		
Imputed financing from costs absorbed by others	1,137,162	914,065
Total resources used to finance activies	142,938,452	147,856,494
RESOURCES USED TO FINANCE ITEMS NOT PART OF THE NET COST OF OPERATIONS:		
Change in budgetary resources obligated for goods, services, and benefits ordered but not yet provided	2,117,693	(2,317,889)
Budgetary offsetting collections and receipts that do not affect net cost of operations	124,452	625,776
Resources that fund expenses and recognized in prior periods	-	(186,604)
Resources that finance acquisition of assets	(639,757)	(372,033)
Total resources used to finance items not part of the net cost of operations	1,602,388	(2,250,750)
Total resources used to finance the net cost of operations	144,540,840	145,605,744
COMPONENTS OF THE NET COST OF OPERATIONS THAT WILL NOT REQUIRE OR GENERATE RESOURCES IN THE CURRENT PERIOD:		
Components requiring or generating resources in future periods:		
Annual leave liability increase	15,701	-
Other	27,160	26,089
	42,861	26,089
Total components of Net Cost of Operations that will require or generate resources in future periods		
Components not requiring or generating resources:		
Depreciation and amortization	389,356	354,006
Total components of Net Cost of Operations that will require or generate resources	389,356	354,006
Total components of the net cost of operations that will not require or generate resources in the current period	432,217	380,095
NET COST OF OPERATIONS	$ 144,973,057	$ 145,985,839

National Endowment for the Humanities
Notes to the Financial Statements
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Note 12 – New Obligations and Upward Adjustments

Obligations Incurred	2018	2017
Direct:		
1. Category A total, direct obligations	$ -	$ -
2. Category B total, direct obligations	142,988,639	149,278,694
3. Exempt from apportionment	-	-
Reimbursable:		
1. Category A total, direct obligations	-	-
2. Category B total, direct obligations	938,835	1,306,838
3. Exempt from apportionment	-	-
Total direct and reimbursable	$ 143,927,474	$ 150,585,532

Note 13 – 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 14 – Undelivered Orders at the End of the Period

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

	2018	2017
Federal Undelivered Orders:		
Unpaid	$ 713,781	$ 760,740
Paid	1,065,076	1,114,222
Total Federal Undelivered Orders	1,778,857	1,874,962
Non-Federal Undelivered Orders:		
Unpaid	119,686,593	122,235,117
Paid	2,994,196	2,458,391
Total Non-Federal Undelivered Orders	122,680,789	124,693,508
Total, Undelivered Orders at the End of the Period	$ 124,459,646	$ 126,568,470

National Endowment for the Humanities
Notes to the Financial Statements
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Note 15 – 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.

National Endowment for the Humanities
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Note 16 – Change in Accounting Principle

During the fiscal year, OMB released an update to Circular A-136, which provides financial reporting requirements for Federal agencies. Because of these updates, the presentation of the following financial statements and notes were changed for FY 2018 reporting:

Financial Statement or Note	Impact of Update
Statement of Changes in Net Position	Statement sections were switched
Statement of Budgetary Resources	Statement format was realigned
Note 1 Significant Accounting Policies – Reporting Entity	Additional information added regarding component entities
Note 2 – Fund Balance with Treasury	Breakout of fund balance by fund type was removed
Note 8 - Liabilities Not Covered by Budgetary Resources	Added line to capture liabilities not requiring budgetary resources
Note 12 – Intragovernmental Costs and Exchange Revenue (prior year note)	No longer reported
Note 14 – New Obligations and Upward Adjustments	Updated title of note from prior year
Note 16 – Undelivered Orders at the End of the Period	Updated note lines per guidance, provided Federal and Non-Federal amounts

National Endowment for the Humanities

Required Supplementary Stewardship Information
Stewardship Investments
(Unaudited)
As of September 30, 2018

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 a new library building in Cornelius, Oregon; and the renovation of the historic Hilton Mansion House, Baltimore, Maryland.

The following exhibit shows the National Endowment for the Humanities investment in non-Federal physical property displayed in four major categories for FY 2018 and the previous four fiscal years.

Type of Property	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Historic Home/Building	$315,191	-	-	-	-
Conservation Center	-	-	-	-	-
Museum/Library	500,606	548,906	612,472	188,891	188,891
Research/Lab Center	152,019	48,091	-	267,933	207,067
Total	$967,816	$596,997	$612,472	$456,824	$395,958

IV.   Other Accompanying Information

NEH Inspector General's Summary of Management Challenges

The Inspector General's report begins on the next page.

Management and Performance Challenges for the

National Endowment for the Humanities

FY 2018

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. Such dependence makes the Agency's core information systems potentially vulnerable to an evolving number of cyber-based threats.

The *Federal Information Security Management Act of 2002* (FISMA 2002) and its successor, the *Federal Information Security Modernization Act of 2014* (FISMA 2014) require 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. FISMA also states that the agency head is to delegate authority to ensure compliance with the law to the Chief Information Officer (CIO), who in turn is to designate a senior agency information security officer to carry out the CIO's responsibilities under the law. This official is often referred to as the Chief Information Security Officer (CISO) and must (i) possess professional qualifications, including training and experience, required to administer the functions required by the law; (ii) primarily have information security duties; and (iii) head an office with the mission and resources to assist in ensuring agency compliance with the law.

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 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[2]. 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).

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[2] OMB Memorandum M-14-03, *Enhancing the Security of Federal Information and Information Systems*

Over the years, the NEH has realized progress in the development of information security policies and procedures consistent with FISMA and National Institute of Standards and Technology (NIST) requirements and the Agency continues to undertake efforts to institutionalize those policies and procedures. In August 2018, a CISO was hired to oversee the Agency's cybersecurity activities. However, full implementation of an effective information security program represents an ongoing challenge for the NEH. Specifically, the NEH has not fully implemented information security continuous monitoring, as anticipated by the cybersecurity CAP goal. The NEH *Security Program and Risk Management Policy*, issued during FY 2012, 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 fundamental components of information security continuous monitoring, budget constraints over the years and competing priorities for Office of Information Resources Management staff have delayed the completion and compliance testing of individual CMPs for core information management systems, as prescribed by the NEH *Security Program and Risk Management Policy*. Risk assessment is the foundational tool used to facilitate thoughtful and purposeful cyber defense strategies. Documented continuous monitoring plans will provide 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. Information system contingency plans are integrated with the Agency's continuity of operations plan. However, limited activity has been extended to the testing and evaluation of the Agency's continuity of operations plan over the past few years, (inclusive of information system contingency plans). 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 comprehensive exercise to evaluate NEH continuity planning and disaster recovery procedures was conducted in July 2012.

Reporting and Data Integrity

The President's Management Agenda acknowledges that the use of data is transforming society, business, and the economy. Therefore, the Federal Government must report high quality data to maintain the trust placed in it by the American people. OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, requires Federal agencies to manage risk in relation to achievement of reporting objectives, through implementation of control activities and processes that support overall data quality contained in agency reports.

The passage of the *Digital Accountability and Transparency Act of 2014* (DATA Act) and the focus on open data transparency has prioritized the goal of producing and publishing quality spending data. Pursuant to the DATA Act, the NEH is required to report spending data for publication on USASpending.gov on a quarterly basis. The quality of the information published in accordance with DATA Act requirements, depends on implementation of effective internal control over reporting, specifically concerning the input and validation of agency data submitted to USASpending.gov. Appendix A to OMB Circular A-123, *Management of Reporting and Data Integrity Risk*[3]*,* includes a specific requirement for Federal agencies to develop a Data Quality Plan to achieve the objectives of the DATA Act. This plan must be reviewed and assessed annually for three years or until the agency determines that sufficient controls are in place to achieve the reporting objective. The results of a recent Office of Inspector General audit of the Agency's compliance with the DATA Act indicate a need for NEH management to strengthen controls over DATA Act reporting. Accordingly, this area is considered to be a management challenge.

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[3] OMB Memorandum M-18-16 dated June 6, 2018

NATIONAL ENDOWMENT FOR THE
HUMANITIES

THE CHAIRMAN

MEMORANDUM

Date: November 8, 2018

To: Laura Davis
                Inspector General

From: Jon Parrish Peede
                Chairman

Thank you for your thoughtful assessment of the most significant management challenges facing NEH as we enter fiscal year 2019. Our responses to your specific concerns are detailed below.

Information Technology Security

We believe that having a dedicated CISO (Chief Information Security Officer), with expertise in government cybersecurity policy, would also prove extremely valuable to the agency, particularly as it seems clear that we will continue to see an increase in the number of required cybersecurity-related policies and procedures going forward. To this end, we have hired an appropriate cybersecurity professional into a new CISO position in August 2018. The CISO has already started to plan for the Assessment and Authorization (A&A) of NEH's major IT systems. The NIST Risk Management Framework's A&A process addresses the cybersecurity Cross Agency Priority (CAP) goal of ongoing cybersecurity continuous monitoring via development of Continuous Monitoring Plans (CMPs), and overall risk management.

This past year NEH has made significant progress in meeting the CAP goals that you mention in your memorandum. We have improved Identity, Credential, and Access Management (ICAM)/Strong Authentication by fully transitioning remote users to a new two-factor authentication system. We have also instituted a new anti-phishing program. The anti-phishing program is part of a major overhaul of the Annual Security Awareness Training Program administered for FY18. The program used not only provides information to users, but also has a module that allows NEH to conduct simulated phishing exercises in order to determine the

efficacy of the training and allow the CISO to develop supplemental information on phishing for users based on the results of the tests.

Lastly, we are currently awaiting the installation of the Department of Homeland Security's Continuous Monitoring and Diagnostics (CDM) system, which will include sensors and dashboards that will automate security and monitoring. The CDM program will roll out in phases. We are part of the TO2F group and have been working with DHS to schedule "phase 1 tools." Once NEH is in the queue and scheduled for phase 1, the subsequent phases will be scheduled. The first phase will focus on asset, configuration, and vulnerability management. The second phase will then incorporate and improve least-privilege and infrastructure integrity. The final phase includes boundary protection and event management. All these phases are designed to help NEH and other agencies meet the CAP goals.

In the coming year, NEH will focus on the development of documentation and plans for each of our systems as we go through the A&A process for our NEH systems.

Continuity of Operations Planning

We acknowledge the need to test our Continuity of Operations Plan (COOP) on a regular basis. The agency held three separate meetings this year to discuss the agency's COOP plan. In January of this year, the COOP team met to review and update the current plan. A month later, NEH met with a FEMA representative to discuss the agency's existing plan and to gain further clarity on COOP plan requirements. We submitted our existing plan to FEMA for review and feedback during the year and are waiting for their response. In May of this year, the agency held a "table-top" exercise, which led to the identification of various shortcomings in our current COOP policies and procedures. In the coming year, we will again evaluate the existing plan and make necessary changes through NEH's participation in the government-wide "Eagle Horizon" COOP exercise.

Reporting and Data Integrity

Numerous additional controls were put in place during the year to address both the results of your recent audit and to meet the requirements you outlined in Appendix A of OMB Circular A-123. For grant award reporting, two separate reconciliations are prepared. The first reconciliation ensures that all awards made through the agency's grants management system are recorded in the agency's accounting system. This is done to ensure accurate and complete data in the agency's trial balance. As the agency prepares its quarterly "Award Financial" file, which contains obligation information from the accounting system, it is compared to grant award data submitted separately using information from the grants management system. Missing transactions are identified and action is taken to address these differences as necessary. For procurement actions, we plan to implement several solutions to ensure data quality, such as adding staff to assist with reporting responsibilities, providing additional training, and modifying business processes to identify and flag DATA Act reportable actions at the time of obligation. These actions, combined with existing reconciliation activities should address any data quality issues regarding DATA Act reporting.

Summary of Financial Statement and Management Assurances

Table 1 - Summary of Financial Statement Audit for the Year Ending September 30, 2018

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, 2018

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Unqualified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
No items to report						
Total Material Weaknesses	0	-	-	-	-	0

Effectiveness of Internal Control over Operations (FMFIA § 2)						
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

Conformance with Financial management system requirements (FMFIA § 4)						
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

Compliance with Federal Financial Management Improvement Act (FFMIA) *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*	
2. Accounting Standards	Not Applicable*	
3. USSGL at Transaction Level	Not Applicable*	

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.

For more detailed information on improper payments and to view information previously reported in the NEH Performance and Accountability Report that is not found in this year's PAR can be accessed at https://paymentaccuracy.gov/.

NEH Payment Reporting

Estimated Amount of Payments Properly and Improperly Paid (in thousands of dollars)

Program Activity	Total Outlays	Proper Payments		Improper Payments	
		Dollars	Rate	Dollars	Rate
Definite Grant Fund	$110,617	$110,615	99.998%	$2	0.002%

Estimated Ratio of Underpayments and Overpayments for Identified Improper Payments (in thousands of dollars)

Fund	Total Estimated Improper Payments	Underpayments		Overpayments	
		Dollars	Rate	Dollars	Rate
Definite Grant Fund	$2	$0	0%	$2	100%

Estimated Amount of Improper Payments Originating from the Federal Government vs. Recipients of Federal Funds (in thousands of dollars)

Fund	Total Estimated Improper Payments	Originating Directly from Federal Government	Originating from Recipients of Federal Funds
Definite Grant Fund	$2	$2	$0

Improper Payment Root Cause Category Matrix
(in thousands of Dollars)

Reason for Improper Payment		Definite Program Fund	
		Overpayments	Underpayments
Program Design or Structural Issue		$0	$0
Inability to Authenticate Eligibility	Inability to Access Data	$0	$0
	Data Needed Does Not Exist	$0	$0
Failure to Verify	Death Data	$0	$0
	Financial Data	$0	$0
	Excluded Party Data	$0	$0
	Prisoner Data	$0	$0
	Other Eligibility Data	$0	$0
Administrative or Process Errors Made by:	Federal Agency	$2	$0
	State or Local Agency	$0	$0
	Other Party	$0	$0
Medical Necessity		$0	$0
Insufficient Documentation to Determine		$0	$0
Other		$0	$0

Corrective Action Plans to Reduce Improper Payments

An additional review performed outside of the scope of the risk assessment during the fiscal year identified one erroneous payment to one grantee totaling $2,000. The erroneous amount was recovered from the grantees through their own initiative when they identified that they had been paid a different amount. NEH immediately investigated the cause of this erroneous payment and it was determined that the erroneous amount was due to a data entry error that was not identified through existing manual checks performed by the accounting staff. Rather than focus on additional manual checks that would ultimately prove more costly and more inefficient, the agency will explore options to modernize the payment process through implementing electronic systems. The implementation of this system will likely take place in fiscal year 2020. Because of the low improper payment rate experienced, NEH continues to set a goal of zero improper payments for FY 2019 and future years for the Definite Grant Fund program.

RECOVERY OF IMPROPER PAYMENT AND RECAPTURE AUDITS

NEH has not identified any grant program that constitutes a high-risk for improper payments. Therefore, NEH considers all of its payments to fall within the realm of low-risk. Because of

the results of sampling and additional review, conducting post-payment reviews or recapture audits would not be cost effective.

For administrative programs, the majority of NEH administrative costs are payroll costs related to personnel compensation. Outlays of payroll funds must follow strict payroll policies, procedures, and system controls maintained by our payroll service provider, who disburses funds to agency employees on behalf of NEH. Because of the strength of controls surrounding payroll outlays, and the relatively small size and volume of non-payroll disbursements, post-payment reviews and recapture audits would not be cost effective for this program.

Amount of Improper Payments Identified for Recapture (in thousands of dollars)

Program	Total Improper Payments Identified for Recapture	Identified Through Payment Recapture Audits	% of Total	Identified From Other Sources	% of Total
Definite Grant Funds	$2	$0	0%	$2	100%
Matching Grants	$0	$0	0%	$0	0%
Administration	$0	$0	0%	$0	0%

Because NEH only has no-year funding, nothing is returned to Treasury. Instead, for overpayment amounts that are recaptured, funds are collected and then made available for re-use within the existing obligation (if still active), or made generally available for obligation elsewhere under the original purpose of the funds.

Aging Schedule of Outstanding Improper Payments Not Collected (in thousands of dollars)

Source of Identified Overpayments		% of Total of Overpayments Identified for Recapture	Time Outstanding		
			0 to 6 Months	6 Months to 1 Year	Over 1 Year
Payment Recapture Audits		0%	$0	$0	$0
Other Sources	Post-Payment Reviews	0%	$0	$0	$0
	Self-Reported Overpayments	0%	$0	$0	$0
	Office of Inspector General Reviews	0%	$0	$0	$0

NEH USE OF THE DO NOT PAY SYSTEM

NEH uses the continuous monitoring feature of the Do Not Pay system, which notifies NEH staff 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. Of those potential matches that were investigated, it was determined that none of the payments made were improper. NEH continues 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), which reports payees who have expired registration and delinquent federal debt. 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 continue to assist with data validation and serve as an aid to ensure data quality.

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.

Agency Information Systems and Other Infrastructure

NEH believes that its current internal control, human capital, information systems and other infrastructure resources are sufficient to maintain the goal of zero improper payments. As always, the agency believes that continued reviews and strengthening of internal controls are necessary to address new and evolving risks that emerge with disbursement of taxpayer resources.

Sampling and Estimation

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 2018 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	$78,529	$2,549	-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 2018 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.

IMPROPER PAYMENT REDUCTION OUTLOOK

The result of the sampling was an error rate of zero percent for FY 2018 IPIA reporting.

Improper payment reduction outlook: FY 2016 – FY 2020 (in thousands of dollars)

Program	FY 2016			FY 2017			FY 2018			FY 2019*			FY 2020*		
	Outlays	%	$	Outlays	%	$	Outlays	%	$	Est Outlays	%	$	Est Outlays	%	$
Grant Program	$119,541	0.0	-0-	$121,197	0.1	137	$118,813	0.002	2	$119,850	0.0	-0-	$119,850	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 is used to project future outlays.

RISK ASSESSMENT AND OVERSIGHT BENEFITS

The NEH assessment resulted in a FY 2018 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.

Fraud Reduction Report

As a steward of taxpayer resources, the NEH takes a variety of steps to both address and prevent fraud, waste and abuse. During FY 2018, the NEH continued the use of its existing policies and procedures to perform risk assessments for significant improper payments, including those under IPIA, IPERIA, and OMB Circular A-123, Appendix C. Though NEH reports only on significant improper payments in this report, NEH reviews all sources of payments as part of its overall improper payment risk assessment and considers fraud among the variety of contributing risk factors.

NEH takes seriously its responsibility as a steward of taxpayer resources. Through the agency's Enterprise Risk Management (ERM) process, numerous fraud risks are considered and mitigated on an ongoing basis. Fraud can take many forms, such as:

- Intentional misstatement or omissions in financial statements, notes, and other reports
- Theft of agency assets
- Illegal acts of agency staff, such as bribery

Fraud risks such as those listed above are reviewed and discussed throughout the agency. While NEH believes that strong existing internal controls exist to prevent fraud from occurring, risks related to grants, contracts, payroll, purchase and travel card transactions, employee reimbursements, and other agency transactions will continue be part of the agency ERM processes.

GONE Act Requirements

As of October 31, 2018, there are zero grants that were previously reported in FY17 that are older than two years and are not closed out.

Category	2-3 Years	>3-5 Years	>5 Years
Number of Grants/Cooperative Agreements with Zero Dollar Balances	ZERO	ZERO	ZERO
Number of Grants/Cooperative Agreements with Undisbursed Balances	ZERO	ZERO	ZERO
Total Amount of Undisbursed Balances	$0	$0	$0