



NATIONAL
ENDOWMENT
FOR THE
HUMANITIES

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PERFORMANCE & ACCOUNTABILITY REPORT

FISCAL YEAR 2020

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THE CHAIRMAN

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) 2020. The report sets forth the agency's goals and objectives for the fiscal year just concluded. The report provides communication on the Endowment's performance, operations and financial information.

NEH is an independent federal agency created by an act of Congress in 1965 with the overarching goal to advance the knowledge and understanding of the humanities in the United States. We are also committed to providing national leadership in promoting the humanities in American culture by awarding grants which encourage and support excellence in scholarship, education, and public programming in the humanities.

The Endowment's programs received more than 10,828 grant applications this fiscal year and underwent a rigorous review process conducted to review the quality and significance of the proposed projects. As a result, NEH awarded grants to more than 1,398 humanities projects.

The information contained in this report summarizes the agency's work on behalf of the taxpayer through diverse and various programs representing the value and importance of our programs for the American people.

In March 2020, NEH received \$75 million in supplemental funding to assist cultural institutions and individuals affected by the corona virus pandemic. Within weeks of receiving the funds, NEH obligated approximately \$30 million to its state and jurisdictional councils to support local cultural nonprofits and educational programming across the nation. In April 2020, NEH announced new grant guidelines to distribute approximately \$40 million in CARES Act funding to cultural nonprofits affected by the pandemic. This new funding opportunity, NEH CARES: Cultural Organizations, provided grants of up to \$300,000 to sustain cultural organizations and preserve jobs in the cultural sector. For this highly competitive grant category, NEH received more than 2,300 eligible applications from cultural organizations requesting more than \$370 million in funding. NEH funded more than 300 cultural institutions across 50 all states and the District of Columbia, helping to preserve thousands of jobs at museums, archives, historic sites, and colleges and universities that are vital to our nation's cultural life and economy. Please refer to the Financial statement footnote 16 Covid Activity and MD&A summaries, for additional information.

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 follows the requirements of the Federal Managers' Financial Integrity Act of 1982.

NEH's financial statement audit yielded an unmodified (clean) audit opinion. However, areas for improvement were identified for ERM and OMB A-123 compliance, Information Technology monitoring, acquisition supporting documentation requirements, and performance reporting. The agency is fully committed to resolving findings from the agency financial statement audit.



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 10,828 applications in FY 2020. These applications were evaluated by knowledgeable persons outside NEH who were asked for their judgments about the quality and significance of the proposed projects.

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 at least three times each year to advise the Chairman of NEH. The Chairman considers all of the advice and inputs provided via the review process and, by law, is authorized to make the final decision about funding.

Highlights of Important Performance Goals and Results

In February 2018, the agency released its revised 2018-2022 strategic plan¹. The strategic goals established in the plan discuss 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 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. Because FY 2020 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. The outcomes of these grants will thus need to be accounted for in future performance and accountability reports.

NEH's audit findings for FY2020 detail the agency's requirements to implement OMB Circular No. A-123 Management's Responsibility for Enterprise Risk Management and Internal Control that require the agency to establish and maintain a mature Enterprise Risk Management program. ERM capability coordinated with the strategic planning and review process established by the Government Performance and Results Act Modernization Act; in concert with internal control processes required by the Federal Managers' Financial Integrity Act seek to align agency resources to performance metrics reporting and financial performance results. The performance reporting process at this time is not fully aligned with financial statement data. As NEH works to fully implement ERM, future performance metrics will result in closer alignment to budgetary resources and tied to the agency strategic plan.

The Statement of Budgetary Resources (SBR) contained in financial statements of this report provides information as to the resources made available to NEH and the status of those resources. The reported performance goal metrics and measures used in this report are established in NEH's performance plan driven by the NEH Annual Report to Congress, but not directly linked to the agency strategic plan.

The Statement of Net Cost (SNC), contained in financial statements 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 performance plan goals. The reported performance goal metrics and measures used in this report are established in NEH's performance plan driven by the NEH Annual Report to Congress, but not directly linked to the agency strategic plan.

NEH received supplemental appropriations of \$75M (million) in FY2020 as part of Congress enacting the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The Endowment, in keeping with Congress's intent, subsequently established the NEH CARES: Cultural Organizations program to provide emergency relief to organizations working in the humanities that have been affected by the coronavirus pandemic. The program supports a range of humanities activities from education, preservation and access, public programming, digital humanities and scholarly research by supporting projects emphasizing retaining or hiring humanities staff. A series of NEH panels were convened to review and grade these grant applications. Of the more than 2,300 eligible applications reviewed, over 360 grants were awarded totaling \$67.6M with only \$7.4M unobligated as of September 30, 2020.

¹ [NEH's 2018-2022 Strategic Plan](#)

Brief Analysis of Audited Financial Statements & Financial Overview

The audited financial statements are prepared to report the financial position and results of operations of the National Endowment for the Humanities (Endowment), pursuant to the requirements of 31 U.S.C. § 3515(b). The financial statements are prepared from agency reports and records in accordance with generally accepted accounting principles (GAAP) and Federal Accounting Standards Advisory Board (FASB) as per the formats prescribed by OMB A-136 Financial Reporting Requirements. Monitoring and control of budgetary resources are prepared from the same records. The financial statements should be read with the intent that the agency is a component of the U.S. Government and dollar amounts represent M (millions).

The following is a brief summary of the agency financial statements. The amounts described are in millions of dollars.

Balance Sheet (BS)

On the balance sheet, total assets are \$258.4M for FY2020. The Endowment's most significant asset is the Fund Balance with the U.S. Treasury (FBWT) which represents grant funds to be disbursed in future years. For fiscal years 2020 and 2019, the Endowment FBWT amounts were \$254.7M and \$176.9M, respectively. The increase is primarily due to receipt of the supplemental CARES Act appropriation increasing total assets reported for FY 2020 as compared to FY2019. The majority of Endowment's liability is estimated grant liability representing \$41.1M and is comprised mostly as an accrual for estimated unreimbursed grantee expenses, as of September 30, 2020 with total liabilities of \$45.0M. The increase from the previous year is due to added grant obligations from supplemental CARES Act appropriations, increasing unclaimed grant expenses reflected in the accrual calculation. Intragovernmental accounts payable, unfunded FECA actuarial liabilities and unfunded leave balances comprise \$2.7M. Decreases in accounts payable and accrued expense result from decreased agency operational activity due to the pandemic responses. Unfunded leave balances increased in FY2020 due to pandemic activities which increased the amount of unused leave by agency employees. Total Net Position increased from \$152.9M in FY2019 to \$213.4M in FY2020 due to increases in funding received via supplemental CARES Act appropriations.

Statement of Net Cost (SNC)

The net cost of operations represents gross cost incurred by the Endowment less any exchange revenue activity earned. Disclosure of gross and net cost of the Endowment's programs, the SNC provides information correlating to program activity outputs. For fiscal years 2020 and 2019, net cost of operations was \$178.0M and \$147.7M, respectively and largely due to increased grant liability and additional CARES Act funding.

Statement of Changes in Net Position (SNCP)

The statement of changes in net position displays the components of the unexpended appropriations and cumulative results of operations. For fiscal years 2020 and 2019, the Endowment had net positions of \$213.4M and \$152.9M, respectively and comprised primarily unexpended appropriations. Increases are primarily due to CARES Act appropriations received, a higher beginning balance in FY 2020 and decrease in the receipt of funds from dedicated collections.

Statement of Budgetary Resources (SBR)

The statement of budgetary resources displays how budgetary resources were made available to the Endowment and the status of resources received at the end of the reporting period. NEH budgetary resources are derived primarily from funds appropriated by the U.S. Congress. For fiscal years 2020 and 2019, budgetary resources were \$262.5M and \$178.6M, respectively. The

increase is primarily due to appropriations received via CARES Act during FY 2020. Distributed offsetting receipts decreased approximately 61% due to decreased agency activities because of the pandemic responses but overall increased net outlays to \$159.3M in FY2020 from \$139.2M in FY2019, and net disbursements to \$0.37M from \$0.29M, respectively. Specific budgetary resources of CARES Act supplemental appropriations are disclosed in Footnote: 16 Covid Activity of the financial statements.



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THE CHAIRMAN

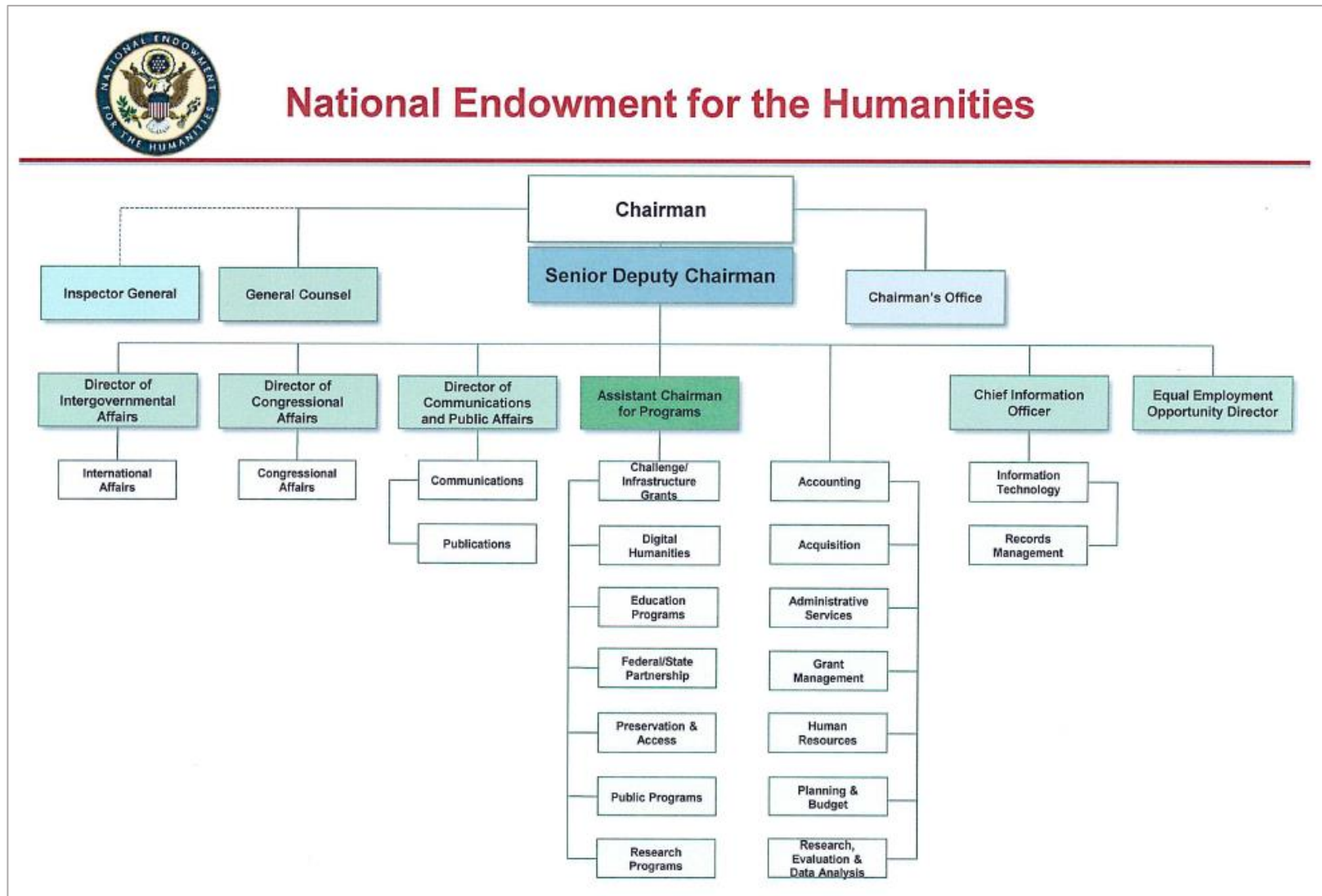
Management Assurances

National Endowment for the Humanities (NEH) is responsible for managing risks and maintaining effective internal control to meeting the objectives of Sections 2 and 4 of the Federal Managers' Financial Integrity Act. 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, the agency can provide reasonable assurance that internal control over operations, reporting, and compliance were operating effectively as of September 30, 2020.



Jon Parrish Peede
Chairman

Organizational Structure



II. Performance Information

Fiscal Year 2020 Performance Report

INTRODUCTION

We are pleased to present the Performance and Impact section of our Performance and Accountability Report (PAR) for fiscal year 2020. The purpose of this section of the report is to compare performance levels anticipated for fiscal year 2020 in the annual NEH Performance Plan with the performance outcomes that were actually achieved during that year. FY 2020 goals and indicators relate to the FY 2018 NEH Strategic Plan. The reported performance goal metrics and measures used in this report are established in NEH's performance plan and driven by the NEH Annual Report to Congress, but not directly linked to the agency strategic plan. As NEH works to fully implement Enterprise Risk Management, future performance metrics will result in closer alignment to budgetary resources, net costs and to the agency strategic plan.

The results projected in the NEH Performance Plan may accrue over many years. In those cases, measured outcomes of FY 2020 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 2020: Support was provided for **200/212** individual scholars to make significant progress on important humanities research projects through fellowships and stipends.
- FY 2019: Support was provided for **185/200** individual scholars to make significant progress on important humanities research projects through fellowships and stipends.

- 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.

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

- FY 2020: Support was provided for 30/30 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, 21/20 previously awarded grants received ongoing support through NEH matching funds.
- FY 2019: Support was provided for 32/34 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, 24/22 previously awarded grants received ongoing support through NEH matching funds.
- 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.

3) *Encourage international scholarly collaboration in the humanities.*

- FY 2020: Awards for 27/25 humanities fellowship programs at independent research institutions are supporting the work of 61/60 humanities scholars who are making significant contributions to scholarship in the humanities.
- FY 2019: Awards for 25/26 humanities fellowship programs at independent research institutions are supporting the work of 70/60 humanities scholars who are making significant contributions to scholarship 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.

4) *Encourage the use of digital technologies in scholarly research and the dissemination*

of research findings.

- FY 2017-2020: Applicants in all Research programs 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.*

- FY 2020: 5/5 fellowship 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 2019: 5/6 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 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.

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 2020: Support was provided to 14/15 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 2019: Support was provided to 12/14 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: 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.

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 2020 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 8,800 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, Bettine Birge of the University of Southern California was recognized in FY2020 by the American Historical Association for her book *Marriage and Law in the Age of Khubilai Khan*. Birge's book, which she wrote with the support of a 2012 NEH Fellowship, won the J. Franklin Jameson Award for outstanding achievement in the editing of historical sources. Likewise, Timothy Blum Cassidy's *Figures of Speech: Six Histories of Language and Identity in the Age of Revolutions* (supported by a Summer Stipend in in 2014) won the 2020 prize for outstanding first book given by the Modern Language Association.

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 2020 this program made 25 awards. For example, Renate Keller, a historian teaching at the University of Nevada, Reno, received an award to support her research on the way the Cuban Missile Crisis and the Cold War were viewed from Latin America. The importance of federal investment in public scholarship was recognized when the 2020 Pulitzer Prize for History was given to W. Caleb McDaniel's *Sweet Taste of Liberty: A True Story of Slavery and Restitution in America* (Oxford University Press, 2019). McDaniel's history tells the story of a 19th-century woman who survived kidnapping and re-enslavement to sue her captors. *Sweet Taste of Liberty* also won the 2020 Avery O. Craven Award for best book on the Civil War or the Era of Reconstruction given by the Organization of American Historians.

[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 and intellectual figures such as early 20th-century inventor Thomas Edison and 17th-century female French philosopher Louise Dupin; 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 Rhodes College in Memphis, Tennessee, led by Clara Pascual-Argente received an NEH grant to support the translation of two important Medieval Iberian texts into English for the first time.

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 2020, for example, Florida State University in Tallahassee received a grant to support a team of scholars seeking to identify and document the transformation of symbols and icons to writing in early Mesoamerica. The project will yield journal articles, a monograph, an open-access database.

[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 Academy in Rome, for example, which maintains an office in both the U.S. and Italy, received continuing NEH support in FY 2020 to aid U.S.-based scholars conducting research and archaeological fieldwork in Italy. The Academy provides these scholars with fellowships, arranges the required permits and affiliations, and provides a base for ongoing humanities research.

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

PERFORMANCE INDICATORS:

- 1) *Provide professional development opportunities for teachers at all levels of the nation's educational system to renew and deepen their knowledge of the humanities.*
 - **FY 2020:** Support for **32/35** NEH summer seminars and institutes will enable **204/250** college teachers and **525/550** school teachers to revitalize their knowledge and teaching of the humanities. College teachers participating in seminars and institutes during the summer of 2021 will reach approximately **35,700/46,250** students annually; school teacher participants will reach approximately **65,625/68,750** annually.
 - **FY 2019:** Support for **32** NEH summer seminars and institutes will enable **204** college teachers and **525** school teachers to revitalize their knowledge and teaching of the humanities. College teachers participating in seminars and institutes during the summer of 2020 will reach

approximately **35,700** students annually; school teacher participants will reach approximately **65,625** annually.

- 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.
- FY 2017: Support for **40/41** NEH summer seminars and institutes will enable **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.

- FY 2020: Support for **16/11** “Landmarks of American History and Culture” workshops to take place in the summer of 2021 will enable approximately **1,152/792** 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 **144,000/99,000** students.
- FY 2019: Support for **16** *Landmarks of American History and Culture* workshops to take place in the summer of 2020 would enable approximately **1,152** 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 **144,000** students.
- FY 2018: 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.

Dialogues on the Experience of War

- In FY 2020, made **9/9** awards in its *Dialogues on the Experience of War* program, which is specifically concerned with veterans and active service members.
- In FY 2019, made **9** awards in its *Dialogues on the Experience of War* program, which is specifically concerned with veterans and active service members.

- 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.
 - In FY 2017, made **12/16** awards in its new program, Dialogues on the Experience of War, which is specifically concerned with veterans and active service members.
- 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 2020: Support for **16/14** *Humanities Connections Planning* projects and **4/4** *Humanities Connections Implementation* 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 program funds curricular enhancement projects that help strengthen connections among humanities programs and fields outside the humanities.

In addition, support for **6/7** *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.

- FY 2019: Support for **17** *Humanities Connections Planning* projects and **4** *Humanities Connections Implementation* 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 program funds curricular enhancement projects that help strengthen connections among humanities programs and fields outside the humanities.

In addition, support for **6** *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.

- FY 2018: Support for **10/6** *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.

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.

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 2020: Humanities Initiatives at Minority Serving Institutions provided *16/9* grants to support faculty professional development activities for improvement in humanities instruction, as well as other capacity building activities at these institutions.
- FY 2019: Humanities Initiatives at Minority Serving Institutions provided **16** grants to support faculty professional development activities for improvement in humanities instruction, as well as other capacity building activities at these institutions.
- FY 2018: Humanities Initiatives at Minority Serving 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 Minority Serving 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.

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.*

- FY 2017-2020: 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.

[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.

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 K-12 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. Because of the coronavirus pandemic, in-person Seminars and Institutes were not held during the summer of 2020. Twenty-six projects have been postponed until the summer of 2021, but six projects converted to online, virtual formats. During the summer of 2020, K-12 educators participating in these virtual projects studied such topics as the evolution of colonial-indigenous relations in seventeenth-century New England, women's history in the United States from 1920-1948, and the philosophical foundations of American education. For 2020, college-level faculty participating in virtual Seminars and Institutes studied contemporary Brazilian history and culture and the nineteenth- and twentieth-century periodical press in New York City.

The Landmarks of American History and Culture program supports summer workshops that educate K-12 teachers how to use historical and cultural sites when 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. Because of the national coronavirus pandemic, fifteen Landmarks programs scheduled to take place in person during summer 2020 were postponed, with plans to convene these workshops during the summer of 2021. Postponed Landmarks projects include workshops on the Homestead Steel Strike, Kansas City in the Jazz Age and Great Depression, the American Skyscraper, the American Revolution in Vermont, among other topics.

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. Nine awards were made in the most recent round of this grant competition, and include grants to fund five discussion groups around the nation on issues related to women veterans; a public discussion series in Texas on the themes of service, honor, and justice; a summer bridge program for 30 student veterans to explore the topics of homecoming and reintegration through literature, film, folklore, and medical humanities; and a facilitator training program and subsequent public discussion series on justice and war for veterans and civilians in the Indianapolis area, as well as a publicly-accessible online platform for related humanities, pedagogical, and training resources.

[Indicator 2] Introduced in FY 2016, Humanities Initiatives at Community Colleges support community colleges' commitment to educating students on a variety of educational and career paths. The program funds curricular and faculty development projects that help strengthen humanities programs and/or incorporate humanistic approaches in fields outside the humanities. In the most recent competition, seven awards were funded. New awards made in FY 2020 include funding for a two-year curriculum development project that would result in new courses on the history, cultures, and science of the Salish Sea; a professional and curriculum development program that would embed the study of ethics into a general education curriculum; and a two-year project that would create new digital course modules on Florida's African American history.

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 fourth year, this grant program funded fourteen planning grants and four implementation grants to fund projects at such institutions as Newman University (KS), the University of Mississippi (MS), Salisbury University (MD), Washington State University (WA), the College of Saint Elizabeth (NJ), the University of Dayton (OH), Vanderbilt University (TN), and Doane University (NE).

[Indicator 3] Awards made in the Humanities Initiatives at Minority Serving Institutions 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 2020, NEH funded a total of nine Humanities Initiatives through its Minority Serving Institutions programs. Institutions used these awards to fund a variety of projects. For instance, Grambling State University ((LA) used its Humanities Initiatives at Historically Black Colleges and Universities award to fund a three-year curriculum development project that will create a new interdisciplinary minor in digital humanities. In the most recent competition of the Humanities Initiatives and Tribal colleges and Universities, Dine College (AZ) received an award for the development of a three-year project devoted to the study and documentation of Navajo art and artists. National-Louis University in Chicago, IL, received a Humanities Initiatives at Hispanic Serving Institutions award to fund the creation of a six-course interdisciplinary humanities minor for undergraduate students pursuing pre-professional majors. That same program funded a curriculum development program at the University of Arizona (AZ) to infuse foreign language and culture content into courses in business, healthcare, and other professional programs and a project to enhance the human geography curriculum for Lubbock's public high schools through a collaboration between Texas Tech University and Lubbock's school teachers and administrators.

[Indicator 4] In FY 2017, the Division of Education Programs welcomed NEH's EDSITEment project, a website for K-12 educators and students, back into the division after a four-year residency in the Chairman's Office. Now approaching its twenty-third anniversary, this award-winning site brings a well-respected, robust means of digital outreach to the K-12 community that includes over hundreds of lesson plans and scores of student interactives and professional and classroom development resources. EDSITEment underwent an extensive revision process during FY 2020 that included updating images, hyperlinks, related content, content formatting, learning standards, and metadata for over 1,200 pages. As a result, EDSITEment expanded its online presence by adding over 700 lesson plans and other resources to open-access educational

databases such as OER Commons, and partner institution websites including the Library of Congress, Smithsonian Learning Lab, and “Share My Lesson” supported by the American Federation of Teachers.

During FY 2020, EDSITEment’s over two million viewers generated more than four million-page views, or approximately 200,000 users each month during the past year. In an important site enhancement, EDSITEment added nearly 100 digital media resources with supporting educational materials on history, literature, music, art history, architecture, and civics education during the past year. Drawn from NEH-funded grant projects, these resources include *BackStory* podcasts, short films and documentaries about the *Picturing America* series, digital archive materials available through the NEH-funded Papers of the War Department project, and videos of Jefferson Lecture speakers. EDSITEment staff responded to the shift to online learning across the country due to the covid-19 pandemic with the creation of Teacher’s Guides for “Digital Humanities and Online Learning” and “Using Primary Sources in Digital and Live Archives” for K-12 and higher education audiences. In coordination with the NEH’s “A More Perfect Union” initiative, EDSITEment offers a Teacher’s Guide for civics and American history educators that includes lesson plans, digital resources, primary sources, and learning activities for humanities classrooms. During FY 2020, EDSITEment provided professional learning opportunities for K-12 teachers through online and in-person conferences, including those offered by the National Council for the Social Studies, National History Day, and the National Council for History Education. In addition to presentations for educators during the annual National History Day national competition and as part of their on-line webinar series, EDSITEment co-produced the “Ask an NEH Expert” videos with National History Day that provide advice from NEH-grant recipients including historians, scholars, and museum educators on skill development for researching, writing, and presenting NHD projects. Over 1000 people have viewed the recorded professional development sessions and the 3 NEH Expert videos created during FY 2020 have been viewed by more than 2,000 teachers, students, and parents.

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 2020: 32** projects will preserve and/or provide access to 6,797 hours of recorded sound and video collections; 1,668 linear feet of archival documents; and 407,854 manuscripts, broadsides, oversize volumes, and other non-print materials.
- **FY 2019: 39** projects will preserve and/or provide access to 106 hours of recorded sound and video collections; 658 linear feet of archival documents; and 650,463 manuscripts, broadsides, oversize volumes, and other non-print materials.

- 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.
- 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. Decreases year over year show the project approaching completion resulting in less newspapers remaining to be digitized.*
- FY 2020: Supported projects will digitize **600,000** pages of microfilm pages of historic newspapers.
 - FY 2019: Supported projects will digitize **1.11 million** pages of microfilm pages of historic newspapers.
 - 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.
- 3) *Support the creation of research tools and reference works of major importance to the humanities.*
- FY 2020: 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 2019: Grants were made to **11** projects to begin or continue work on the preparation of dictionaries, atlases, encyclopedias, and textbases central to knowledge and understanding of 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.
- 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.*

- FY 2020: **2** projects were supported for the creation of tools—such as bilingual dictionaries, grammars, and text collections—that document languages threatened with extinction.
 - FY 2019: **2** projects were supported for the creation of tools—such as bilingual dictionaries, grammars, and text collections—that document languages threatened with extinction.
 - 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.
- 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 2020: **4** 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 2019: **6** 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 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.
- 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 2020: **9** awards were made for state, regional, and national education programs that are providing training for 3,919 people in U.S. museums, libraries, archives, and historical organizations. An additional 290,700 people will access educational materials freely distributed online.
 - FY 2019: **6** awards were made for regional and national education programs that are providing training for 3,497 people in U.S. museums, libraries, archives, and historical organizations.
 - 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.
- 7) *Provide support for basic preservation activities to small and mid-sized libraries, archives, museums, and historical organizations.*
- FY 2020: Projects supported are assisting in preserving collections at 68 institutions in 31 states. Approximately 23% of the awards will go to first- time NEH grantees.
 - FY 2019: Projects supported are assisting in preserving collections at 103 institutions in 39 states. Approximately 18% of the awards will go to first- time NEH grantees.
 - FY 2018: Projects supported are assisting in preserving collections at 75 institutions in 42 states. Approximately 39% 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% of the awards will go to first- time NEH grantees.

[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.

Highlights of such projects for FY 2020 include a grant to the Sealaska Heritage Institute to digitize and make available online audiovisual materials documenting the song, dance, and oratory presented at their biennial festivals, which have played a role in the revitalization of the Tlingit, Haida, and Tsimshian cultures in southeast Alaska and western Canada.

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 University of Houston will survey smaller cultural heritage repositories across the South and Southwest to create a directory of archival records and personal papers on Hispanic history and culture. Consequently, scholars and educators will be able to locate these primary source collections more easily in Florida, Louisiana, Alabama, and Mississippi.

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 2020, support was provided to the *Discography of American Historical Recordings*, a reference resource that will support research and education in the history of music. This project at the University of California, Santa Barbara will expand the existing database and digitize recordings produced by the Bluebird and Victor record labels from 1925 to 1948. These represent rare recordings, such as ethnic records for Finnish American audiences, and they cover many vernacular music genres, including blues, jazz, Western swing, Cuban son, Brazilian sambas, rumbas, Argentine tangos, and gospel.

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 2020, for example, an award to the University of Kansas Center for Research will update their 1968 heating and air-conditioning system in Spencer Library to provide a more optimal preservation environment for the university's collection of rare books and manuscripts. This implementation project will adjust air handling and building management systems to improve overall energy efficiency and cost savings to the university.

[Indicator 2] The National Digital Newspaper Program (NDNP) is a partnership between the NEH, the Library of Congress (LC), and state partner institutions across the nation to digitize historic newspapers and provide them to the public, free of charge. NEH makes awards to state projects to select and digitize historically significant titles published between 1690 and 1963. LC aggregates the state newspapers for free public access through a web site it maintains, entitled *Chronicling America: Historic American Newspapers*. LC also contributes newspapers drawn from its own collections to this Web resource, and provides long-term preservation of all the related digital information. *Chronicling America* is one of the most heavily used products that LC or NEH has ever produced; it averages about 4 million visits and 40 million Web pages viewed each year. In recent months, use of *Chronicling America* (<http://chroniclingamerica.loc.gov/>) has almost doubled, increasing from 4 million Web pages viewed in October 2019 to 7 million Web pages viewed in March 2020. Should this rate of increase continue, the overall number of web pages viewed will be twice as many in 2020 as it was in 2019, with an increase from 45 million to 70 million pages.

FY 2020 awards support state partners' selection of newspapers representing different communities and periods of time, especially from the years 1923-1963. For example, the University of Maryland will strengthen the chronological scope of *Chronicling America* with the inclusion of the state's first newspaper. The State Historical Society of Colorado will focus its selection on titles that expand geographic coverage, prioritizing Native American publications, as well as labor, political, or industry publications. Alaska will also continue to emphasize Native American titles, including short-running and irregular titles that documented the complex relationship between settlers and Native tribes, including the Tlingit, Sugpiaq, Alutiiq, Inupiaq, Eyak, Haid, and Athabascan.

[Indicator 3] The Humanities Collections and Reference Resources Program supports the creation of research tools and reference works. Through an award made in FY 2020, a collaborative HCRR project led by the Nelson-Atkins Museum of Art in Kansas City will develop an online biographical dictionary of 500 Missouri artists active in the state between 1821 and 1951. In recognition of the upcoming 200th anniversary of the state in 2021, the reference resource will provide educators and students authoritative information on artists such as Thomas Hart Benton and John James Audubon, as well as many less well-known ceramicists, photographers, fiber artists, and creators of folk art. In another example, The Treasury of Lives organization maintains an online resource that documents the history, people, and places of Tibet, Inner Asia, and the Himalayan region. With a FY 2020 award, it will expand the technical

infrastructure of the current resource to include linked open data and will expand content by adding new biographies and geographic data.

[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 2020 a grant was awarded to the Survey of California and Other Indian Languages (SCOIL), founded in 1953 at the University of California, Berkeley, a repository for documentation of indigenous languages. The California Language Archive (CLA), created in 2007 with DEL funding, is the catalog of all material archived with SCOIL and is its online portal for digital content. This 2020 project from UC Berkeley will support cataloging, preservation, and creation of online access via CLA to documentary materials related mainly to Uto-Aztecan and Yuman languages, assembled by four influential researchers over several decades. The collection has an emphasis on the Takic languages spoken primarily in southern California, and the Yuman languages, spoken in Arizona and Baja California. Field notes and sound recordings will be cataloged, digitized, and made accessible, for both research and language revitalization purposes.

[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 2020, the Research and Development awards represent a diverse cross-section of cultural heritage interests that support development in Optical Character Recognition (OCR) accuracy for historical texts, multispectral imaging, sustainable conservation, and historic scripts for use with electronic devices. For instance, one award to the Rochester Institute of Technology (RIT), will develop a low-cost spectral imaging system and accompanying software to recover obscured and illegible text in historical materials. Spectral imaging has led to the recovery of such essential documents as the Dead Sea Scrolls, a draft of the Declaration of Independence, and an Archimedes palimpsest; however, the high cost of equipment and technical knowledge have limited its potential use by heritage institutions. RIT will make freely accessible the documentation, specifications, and software necessary to purchase, assemble, and implement an imaging system that could be used by considerably more libraries, museums, archives, and universities with significant humanities collections yet limited resources.

[Indicator 6] The long-term stewardship of humanities collections, which ensures that they will be available for scholarly research, educational programs, and increased public appreciation and interpretation, requires a range of preservation knowledge at many organizations, from local historical societies and archives to large research libraries and museums. For this reason, NEH’s Education and Training awards focus on delivering knowledge and skills to a wide range of cultural heritage professionals. Grants to preservation field services help to support training

for the staffs of small, regional cultural institutions across the country, allowing them to receive advice and training required to preserve their collections. Grants also support training for mid-career professionals through workshops on issues of current, broad concern, as well as for Master's-level degree students at accredited preservation programs.

In FY 2020, Division staff began the process of making substantial revisions to the program's grant guidelines with the intent of making the program more inclusive. Foremost among the changes, we expanded eligibility to include projects that offer statewide education and training programs; originally applications were limited to serving regional or national audiences. In addition, the maximum award amount and period of performance were increased for all projects to \$350,000 and three years, respectively. These changes aim to promote parity among all applicants and encourage them to implement projects, at all stages of development, that address long-term needs in the preservation field. Among the first of these statewide awards, the Alaska Division of Libraries, Archives, and Museums will lead an emergency preparedness program directed at small cultural heritage institutions across the state. In the last ten years, the state has experienced a succession of natural disasters, including forest fires, flooding, avalanches, hurricane-class wind storms, and a 7.1 magnitude earthquake that struck Anchorage in 2018. The project will bring together staff from heritage institutions, the Department of Natural Resource's Office of History and Archaeology, the Alaska Division of Homeland Security and Emergency Management, and preservation consultants for a training program dedicated to building institutional, local, regional, and statewide capacity to respond to emergencies.

[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 \$10,000, and up to \$15,000 for projects that demonstrate planning aligned with the impending 250th anniversary of American independence. In FY 2020, for example, 50 percent of Preservation Assistance Grant awards went to institutions with annual operating expenses below \$750,000, and 63 percent went to institutions employing ten or fewer full-time paid staff. One highlight is an award to The Noah Webster Foundation and Historical Society of West Hartford, Inc. With a preservation assistance grant, the organization will consult with an archivist, the town historian, and social studies teachers to plan for digitizing collection materials in a way that will support curricula in American history and civics education.

Furthermore, small and mid-sized cultural heritage organizations are the beneficiaries of many Education and Training awards. For example, through an FY 2020 award, the Northeast Document Conservation Center will conduct preservation surveys for small and mid-sized institutions primarily in the northeast and mid-Atlantic; present workshops and conferences for professional development; respond to technical inquiries and disaster assistance calls; update and release in print and online resources; and expand preservation content on its website (www.nedcc.org), estimated to draw 550,000 annual unique visits.

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 2020: 41/41 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 2019: 27/27 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 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.
- 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 2020: 20/20 grants for television/radio projects will produce 62/62 broadcast hours and draw a cumulative audience of approximately 45/45 million people.
 - FY 2019: 19/19 grants for television/radio projects will produce 60/60 broadcast hours and draw a cumulative audience of approximately 45/45 million people.
 - 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.
- 3) *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 2020: 11/11 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 2019: 7/20 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 2018: 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 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.

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 2019 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.

[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 2020, Monticello received NEH funding for an interpretation of Thomas Jefferson's home. It would plan a new exhibition and three new tours exploring the lasting impact of the Declaration of Independence and its founding principles of freedom and equality.

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 Library of America's *Lift Every Voice: Why African American Poetry Matters Today* project. The grant was made available to libraries to craft public programs around a new collection of African American poetry

[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.

An NEH-funded radio and podcast series, Colorado Historical Society's Lost Highways, exploring the history of the state of Colorado. Through narration, on-air contributions by scholars, and archival audio, the series provides a new perspective on unknown aspects of Colorado history.

[Indicator 3] 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 2020, the program funded People or Property from Historic Hudson Valley. This interactive website creates an immersive environment that allows people to explore the history of slavery in the North.

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 2020:** The Office of Federal/State Partnership has updated the annual reporting process to better align with the standard period of performance of the state and jurisdictional humanities council's General Operating Support (G.O.S.) awards. The new report, which is due on January 31, 2021, will facilitate understanding of the activities and outcomes resulting from the G.O.S. grant program by collecting data on both council-conducted and recipient-conducted activities.

Councils will focus on the following key areas for evaluation: the quality and reach of humanities programming, the effectiveness of partnerships, and the quality of operations. From the qualitative and quantitative data councils provide, NEH will analyze and communicate with others key findings, including:

- Examples of how councils leveraged the humanities to respond to the needs and priorities of the state or jurisdiction
- Examples of how councils engaged or involved the participation of underserved audiences (those NEH considers to be traditionally underserved) in the design, implementation, or evaluation of humanities activities
- Examples of how councils expanded access to the humanities, deepened faculty knowledge in the humanities, and/or strengthened humanities offerings at minority-serving institutions and community colleges
- Data on the engagement and involvement of humanities scholars
- Data on the type, mode of delivery, and reach of councils' humanities activities and content
- Data on the depth and diversity of council partnerships within and beyond the cultural sector

As part of the 2020 Coronavirus Aid, Relief, and Economic Security (CARES) Act,

NEH received an additional \$75 million in supplemental funding to distribute as emergency relief to cultural institutions affected by the coronavirus. Nearly \$30 million of this funding was distributed directly to states and jurisdictions to support humanities programming and retain jobs at local cultural institutions. Councils are expected to subaward the funding continuing into 2021. The first formal interim reports are due to NEH on November 30, 2020. We expect that over 4,500 subawards will have been made.

- FY 2019: Support for the programs and operations of the state humanities enabled high-quality, locally-initiated humanities programs throughout the nation, including 2,500/**2,430** reading and discussion programs, 590/**556** exhibitions, 850/**871** literacy programs, 1,500/**1,606** speakers bureau presentations, 315/**452** teacher institutes and workshops, 500/**545** conferences and symposia, 315/**316** Chautauqua events, 2,500/**2,615** media program events, 600/**607** technology projects, 50/**69** preservation projects, and 500/**690** local history projects.
 - FY 2018: Support for the programs and operations of the state humanities councils enabled 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 enabled 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.
- 2) *Encourage high-quality, council-conducted humanities programs in the various states.*
- FY 2020: The Office of Federal/State Partnership has updated the annual reporting process to better align with the standard period of performance of the state and jurisdictional humanities council's GOS awards. The new report, which is due on January 31, 2021, will facilitate understanding of the activities and outcomes resulting from the G.O.S. grant program by collecting data on both council-conducted and recipient-conducted activities.
 - FY 2019: Support for the programs and operations of the state humanities councils enabled high-quality, council-conducted humanities programs throughout the nation, including 7,300/**7,290** reading and discussion programs, 1,700/**1,669** exhibitions, 2,500/**2,614** literacy programs, 4,600/**4,818** speakers bureau presentations, 1,000/**1,355** teacher institutes and workshops, 1,000/**1,634** conferences and symposia, 1,200/**949** Chautauqua events, 7,000/**7,844** media program events, 1,500/**1,820** technology projects, 200/**207** preservation projects and 2,050/**2,071** local history projects.
 - FY 2018: Support for the programs and operations of the state humanities councils enabled 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.

- FY 2017: Support for the programs and operations of the state humanities councils enabled 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.
- 3) *Encourage state humanities councils in their efforts to create and support humanities-rich websites and digital projects. (New indicator in FY 2015.)*
- FY 2020: The Office of Federal/State Partnership has updated the annual reporting process to better align with the standard period of performance of the state and jurisdictional humanities council's GOS awards. The new report, which is due on January 31, 2021, will facilitate understanding of the activities and outcomes resulting from GOS grant program by collecting data on both council-conducted and recipient-conducted activities.
 - FY 2019: Support for the programs and operations of the state humanities councils enabled 11,500/**12,885** high technology projects.
 - FY 2018: Support for the programs and operations of the state humanities councils enabled 6,000/**8,784** high technology projects.
 - FY 2017: Support for the programs and operations of the state humanities councils enabled 1,500/**6,345** high technology projects.
- 4) *Support state humanities councils in ongoing collaborations with colleges and universities, museums, libraries, historical societies, and other institutions.*
- FY 2020: The Office of Federal/State Partnership has updated the annual reporting process to better align with the standard period of performance of the state and jurisdictional humanities council's GOS awards. The new report, which is due on January 31, 2021, will facilitate understanding of the activities and outcomes resulting from the GOS grant program by collecting data on both council-conducted and recipient-conducted activities.
 - FY 2019: Support enabled 17,000/**18,264** collaborations with colleges and universities, museums, libraries, historical societies, and other institutions.
 - FY 2018: Support enabled 8,200/**12,942** collaborations with colleges and universities, museums, libraries, historical societies, and other institutions.

- FY 2017: Support enabled 5,500/8,222 collaborations with colleges and universities, museums, libraries, historical societies, and other institutions.
- 5) *Recognize and encourage council activities that promote civil discussion, particularly of issues that divide Americans.*
- FY 2020: The Office of Federal/State Partnership has updated the annual reporting process to better align with the standard period of performance of the state and jurisdictional humanities council's GOS awards. The new report, which is due on January 31, 2021, will facilitate understanding of the activities and outcomes resulting from the G.O.S. grant program by collecting data on both council-conducted and recipient-conducted activities.
 - FY 2019: Support enabled 9,500/9,720 programs to promote civil discussion.
 - FY 2018: Support enabled 8,500/10,097 programs to promote civil discussion.
 - FY 2017: Support enabled 5,500/8,513 programs to promote civil discussion.

[Indicator 1] State and jurisdictional 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, the U.S. Virgin Islands, and American Samoa. 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.

Each year, 40 percent of NEH's annual grant appropriation is awarded to state and jurisdictional councils following the statutory formula outlined in the legislation pertaining to humanities councils. Every NEH dollar that a council receives must be matched by local contributions of cash, goods, or services. State and jurisdictional humanities councils may subaward a portion of their funds on a competitive basis to nonprofit cultural entities to support locally initiated programs and they may also develop council-conducted programs.

Council-conducted programs are made accessible to broad audiences. Some programs target specific audiences. For example, over the past few years, many councils have conducted a variety of successful humanities-based programs designed specifically for veterans and their families. Examples include Veterans Book Groups, an expansion of the Maine Humanities Council-conducted project "Literature & Medicine" program for veterans, which works directly with officials of the Department of Veterans Affairs to support small-group reading and discussion programs at Veteran's Affairs (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. Other humanities councils offer programs that help veterans share their stories, including writing workshops in Colorado and Missouri; veterans' oral history programs in Kansas, Maryland, and Ohio; and a community storytelling project in Florida. Maryland Humanities's Veterans Oral History Project brings high school students together with veterans of the Vietnam war and Vietnamese immigrants who experienced the war to record oral histories. Students receive training in best-practice oral history techniques and recordings are shared at community events.

[Indicator 2] Funds provided through the NEH Office of Federal/State Partnership enable

millions of diverse Americans throughout rural areas, urban neighborhoods, and in suburban communities to engage in thousands of humanities projects and programs each year. These programs include reading and discussion programs in libraries and community centers for children, families, and the newly literate; state and local book festivals; the annual National Book Festival sponsored by the Library of Congress's Center for the Book; humanities and professional development opportunities for elementary and secondary school teachers; scholarship related to state and local history and culture; exhibitions at museums, libraries, and historical sites; and radio, television, and film projects about the human experience and history.

Indiana Humanities (IH) has focused its award-winning Next Indiana Campfires program on the White River watershed and the larger question about how Hoosiers relate to water and to each other across watersheds. As part of this initiative, IH funded short documentary films about the White River that share the perspectives of volunteers, artists, farmers, engineers, developers, hikers, parents, and others who are deeply connected to the river. The films served as the centerpiece of a series of public screening and discussion events. As part of the California Documentary Project, California Humanities awarded ten NextGen grants to youth media organizations in support of emerging California media makers. These awards aligned with [CA 2020: Youth Perspective and the Future of California](#), a statewide initiative that focuses on the lives and experiences of young people in California.

Many humanities councils partner with the Smithsonian's Museum on Main Street (MoMS) to bring high-quality, humanities-rich traveling exhibitions to small, underserved communities. Councils in Mississippi, Kansas, Kentucky, Tennessee, Indiana, Georgia, Idaho sponsored tours of one of the most recent (MoMS) exhibits focusing on rural America titled "Crossroads: Change in Rural America." Councils assisted host organizations with capacity-building by offering workshops on exhibition development and tour guide training. Local organizations researched and developed their own exhibits and public programs to tell their local story in the context of the national story.

One of the most successful council-conducted literacy programs is PRIME TIME Family Reading, created by the Louisiana Endowment for the Humanities. PRIME TIME is a family literacy program for young children and their families. Since its launch in 1991, this award-winning program continues to demonstrate substantial improvements in literacy and student achievement and is being implemented in 38 states.

State councils offer a wide-array of inclusive programs and promote them broadly through a various communications channels, including printed publications, social media, podcasts, e-mail, newsletters, YouTube videos, and NEH's quarterly HUMANITIES magazine, among other vehicles.

[Indicator 3] State and jurisdictional councils take optimal advantage of digital media to deliver humanities-rich programs to even broader, more diverse audiences. For example, many councils have produced podcast series to expand the reach of the humanities content. Vermont Humanities offers two podcasts, *Before Your Time* and *The Portable Humanist*, that share conversations about state history and council-funded programs and lectures digitally with audiences. Wyoming Humanities recently produced *First, But Last?* for the 100th anniversary of women's suffrage, along with *What's Your Why*, which highlights diverse perspectives and experiences from Wyomingites.

In response to the COVID-19 pandemic, councils have shifted much of their existing in-person programming to virtual or digital formats, and have piloted new digital programs. Book and film discussions, humanities lectures, book festivals, and awards ceremonies all have

successfully converted -- for the time being -- to virtual events. Councils have creatively used virtual meeting platforms as well as social media to expand opportunities for public humanities programs and reach broader audiences. New York Humanities quickly converted their long-standing community conversations program into “couch conversations” connecting participants from Brooklyn to Buffalo.

This fall South Dakota Humanities, Utah Humanities, Kentucky Humanities and Humanities Tennessee, among others hosted virtual book festivals. This format allowed for greater flexibility in scheduling author talks and other events enabling more people to attend across distances and time zones. Recordings of the festival sessions allow content to remain available beyond the live events, increasing audience reach.

Nebraska Humanities embraced a hybrid model for their Annual Governor’s Lecture in the Humanities by live-streaming from the Lied Center for Performing Arts with limited audience and presenters gathered—compliant with social distancing guidelines—and a virtual appearance from guest lecturer historian Doris Kearns Goodwin.

[Indicator 4] Councils collaborate with various humanities and cultural partners across the state, including schools, libraries, historical societies, museums, literacy programs, filmmakers, teachers, researchers, writers, and storytellers. Councils also successfully collaborate with non-humanities and cultural sector partners to increase reach and impact, especially in the areas of public policy, literacy, and social service. For example, councils routinely collaborate with businesses, community leadership groups, state libraries, local government archives, farm bureaus, and state fairs. By leveraging these relationships and strong partnership with the NEH, humanities councils secure material support and expand their networks, all in the service of delivering funds, resources, expertise, networks, and leadership to the communities and organizations they serve.

The New Mexico Humanities Council has developed “hands-on humanities” programs that take place in libraries and archives. Participants learn the importance of collecting and preserving cultural heritage and how to access information from humanities collections. In response to recent natural disasters in states and jurisdictions, NEH facilitated council collaboration with regional and national cultural heritage disaster response organizations, including the FEMA and Smithsonian-sponsored Heritage Emergency National Task Force (HENTF), to support disaster preparedness and mitigation activities within the cultural sectors the councils serve. Through Chairman’s Emergency Grants, NEH provided supplemental funding in California, Iowa, and Louisiana to support rapid-response subawards to cultural entities affected by natural disasters and cultural heritage recovery activities.

[Indicator 5] State and jurisdictional councils create opportunities for citizens to come together 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, but they also increase citizen engagement, shaping the future of communities and this nation.

Ohio Humanities awarded a grant to support *Not Far From Me: Stories of Opioids and Ohio*. This project included the publication of an anthology of first-person accounts of people experiencing addiction, their families, first responders, faith leaders, social workers, teachers, medical professionals and others impacted by opioids. The anthology catalyzed discussion sessions in eleven Ohio communities. The grant also funded a website which offers resources such as discussion guides for community conversations, podcasts, videos, and links to stories

related to the topic. The goal of this project is to help Ohioans think critically about addiction, foster empathy, combat stigma, and allow participants to share their collective experience and wisdom in addressing the opioid crisis.

North Dakota Humanities' annual GameChanger Ideas Festival brings together leading humanities scholars, thinkers, speakers, and writers to join the public to discuss contemporary ideas and issues. In Oklahoma, the council hosts an annual Curiosity Fest that highlights humanities scholarship through engaging public events.

Several councils host programs and scholar-led discussions in restaurants, cafes, parks, and other informal settings that tend to attract a younger demographic. These programs are vitally important to strengthening communities and fostering understanding. Indiana Humanities' award-winning Next Indiana Campfires program pairs nature and literature to spark conversations about Indiana's future. The Campfires programs take place in parks and on rivers. A naturalist discusses the flora, fauna, and natural history of the area. A humanist shares poems and excerpts from literature and prompts participants to consider humanities ideas. The "Outdoors" humanities model developed by Indiana Humanities has been replicated by many other councils across the country.

Humanities DC (Washington, DC) in partnership with the DC Public Library system has developed an oral history training program to expand the voices and stories represented in the city's archive and better represent the changing demographics of the city. Through public humanities programs held in neighborhoods throughout the District, stories from the collection – contextualized by local scholars – presented throughout the year.

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 2020: 20/22 Digital Humanities Advancement Grant (Level I & II) projects and 7/8 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 2019: 20/21 Digital Humanities Advancement Grant (Level I & II) projects and 7/8 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 2018: 20/20 Digital Humanities Advancement Grant (Level I & II) projects and 7/8 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.

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.*

- **FY 2020:** 5 / 5 national summer institutes training American scholars on digital methods for humanities research were supported. These methods, including geospatial analysis, data mining, sound analysis, information retrieval and visualization, and others, will lead to new research across humanities domains.
- **FY 2019:** 4 / 5 national summer institutes training American scholars on digital methods for humanities research were supported. These methods, including geospatial analysis, data mining, sound analysis, information retrieval and visualization, and others, will lead to new research across humanities domains.
- **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.

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] In FY2020, a grant was awarded to The Center for Constitutional Studies at Utah Valley University in Orem, Utah. The Quill Project a digital humanities project focused on understanding the negotiation of constitutions, conventions, and other legal texts by creating a digital “model” that allows the user to view primary documents in an interactive timeline, as points are debated by convention attendees.

[Indicator 2] In FY2020, a grant was awarded to the Santa Fe Institute (SFI) in Santa Fe, New Mexico to host an NEH training institute. SFI is proposing a two-pronged approach to

introducing humanities scholars and students to computational and quantitative methods for cultural analysis. The institute will be led by philosopher and information scientist David Kinney (Omidyar Fellow, SFI) and cognitive scientist Simon DeDeo (External Faculty, SFI and director, Laboratory for Social Minds, Carnegie Mellon University.) Composed of two modules, the online course will provide an overview of the theory and principles behind computational text analysis and introduce approaches to applying analytical tools to humanities resources. The Foundations module will focus on conceptual skills and computational thinking through a study of the principles behind contemporary artificial intelligence.

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 2020: By FY 2024, NEH Challenge Grants awarded in FY 2020 will generate more than \$38(**\$27**) million in nonfederal donations to recipient institutions in support of their humanities activities
 - FY 2019: By FY 2023, NEH Challenge Grants awarded in FY 2019 will generate more than \$36(**\$25**) million in nonfederal donations to recipient institutions in support of their humanities activities
 - FY 2018: By FY 2022, 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.

- 2) *Support the efforts of cultural and educational institutions to use digital technologies, where appropriate, in their humanities activities*
 - FY 2020: The efforts of cultural and educational institutions to use digital technologies will be encouraged.
 - FY 2019: The efforts of cultural and educational institutions to use digital technologies will be encouraged.
 - 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.

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 \$2.2 billion in nonfederal funds for the humanities. (Adjusted for inflation, the amount generated equals more than \$4.1 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 2020, the Eastern Shore Library Foundation was awarded a \$500,000 Infrastructure and Capacity Building Challenge Grant that leverages an additional \$1.5 million in non-federal giving to support the construction of a library building and heritage center. The plans for the new regional library, located in Parksley, VA, include space for archives and special collections. The library’s holdings are significant, including archival materials about life in Colonial Virginia and the Eastern Shore’s role in the Revolutionary War and beyond; an important set of papers on the history of African Americans on the Eastern Shore; and numerous genealogical documents. The NEH-supported heritage center will provide public access to these collections and form a focal point for the surrounding region.

[Indicator 2] In FY 2020, 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.

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.*
 - **FY 2020:** Fund-raising by recipients of an NEH matching award generated more than **\$2.0/1.3** million in third-party support for humanities projects.
 - **FY 2019:** Fund-raising by recipients of an NEH matching award generated more than **\$2.0/2.25** million in third-party support for humanities projects.
 - **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.
- 2) *Leverage the private sector contributions of the nation's businesses, foundations, and philanthropic-minded individuals on behalf of humanities projects and programs.*

- FY 2017-FY2020: NEH partnerships with the private-sector will generate support for exemplary activities in the humanities.

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.

[Indicator 1] Fund-raising by recipients of an NEH matching award generated more than \$1.29 million in third-party support for discrete humanities projects. Recipients of NEH Challenge Grants leveraged an additional \$25 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 events co-sponsored with different embassies in Washington D.C.

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 2,200,000 unique visitors—teachers, students, and parents—avail themselves of EDSITEment's rich resources each year.

COVID Relief/CARES Act Grants

The purpose of the NEH CARES: Cultural Organizations program is to provide emergency relief to organizations working in the humanities that have been affected by the coronavirus pandemic. The program may support a range of humanities activities across the humanities, from education, to preservation and access, to public programming, to digital humanities, to scholarly research. In keeping with Congress's intent in enacting the CARES Act, projects should emphasize retaining or hiring humanities staff. For the 2020 period a series of NEH panels were convened to review and grade these grant applications. There were more than 2,300 eligible applications that were reviewed for these emergency supplemental funds and approximately 360 grants were awarded. Following is the number of grants awarded by NEH discipline and the percentage of total grant applications that were awarded in each respective grant area.

- **Education Special Projects**: A total of **74** grants were awarded from 632 applications. The rate of awards for these grant applications was 11.7%.
- **Research Special Projects**: A total of **21** grants were awarded from 92 applications. The rate of awards for these grant applications was 22.8%.
- **Digital Humanities Special Projects**: A total of **31** grants were awarded from 292 applications. The rate of awards for these grant applications was 10.6%.
- **Public Programs Special Projects**: A total of **105** grants were awarded from 821 applications. The rate of awards for these grant applications was 12.8%.
- **Preservation and Access Special Projects**: A total of **73** grants were awarded from 497 applications. The rate of awards for these grant applications was 14.7%.

III. Financial Information

A Message from the Director of Accounting

On behalf of the National Endowment for the Humanities (Endowment), I present the agency's audited financial statements for fiscal year 2020. The independent auditor, Williams Adley, LLP has rendered an unmodified (clean) opinion on the agency financial statements. The Endowment has obtained an unmodified opinion on the agency's financial statements for the fourteenth consecutive year, indicating the Endowment's commitment to the stewardship of the taxpayer dollars.

The Accounting Office faces significant challenges in the federal accounting environment to ensure further alignment with future U.S. Department of Treasury strategic and compliance initiatives. The development of requirements & plans to improve processes and streamline the delivery of information to agency stakeholders will be of primary focus. During this reporting period, we implemented digital solutions to records management and focused on analyzing accounting operations and financial reporting with the aim of implementing strategic initiatives in the coming year.

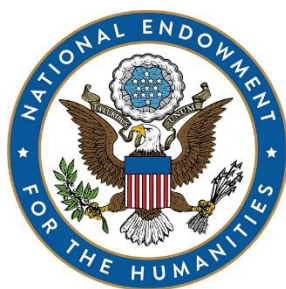
In fiscal year 2021, our office will begin to develop an accounting strategic plan to further improve and streamline accounting operations with the aim of increasing value to agency stakeholders. Through evaluating existing processes, developing requirements inclusive of a risk-based approach and implementation of corrective actions; this will strengthen internal controls, enhance customer-facing services and engage agency culture in the accounting stewardship activities of taxpayer resources.

The contribution and efforts of the Accounting Staff and NEH colleagues to receiving an unmodified opinion verifies that the Endowment's financial statements are fairly presented and demonstrates commitment to responsible execution of fiduciary responsibilities.



Cora Shepherd
Director, Accounting Office

November 16, 2020



NATIONAL
ENDOWMENT
FOR THE
HUMANITIES

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Audited Financial Statements

FISCAL YEAR 2020



NATIONAL ENDOWMENT FOR THE HUMANITIES

BALANCE SHEET

As of September 30, 2020 and 2019

(in US Dollars)

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Intragovernmental:		
Cash & fund balances w/ U.S. Treasury (Note 2)	\$ 254,716,298	\$ 176,998,272
Receivables and advances (Note 3)	1,229,904	1,018,392
Total intragovernmental	<u>255,946,202</u>	<u>178,016,664</u>
Receivables and advances (Note 3)	1,726,902	1,949,508
Property and equipment, net (Note 4)	728,900	907,775
TOTAL ASSETS	<u><u>258,402,004</u></u>	<u><u>180,873,947</u></u>
 <u>LIABILITIES</u>		
Intragovernmental:		
Accounts payable and accrued expenses (Note 5 & 6)	872,984	1,029,491
Total intragovernmental	<u>872,984</u>	<u>1,029,491</u>
Accounts payable and accrued expenses (Note 6 & 7)	42,284,491	25,383,461
Unfunded FECA actuarial liability (Notes 5 & 6)	283,296	262,424
Unfunded annual leave (Notes 5 & 6)	1,542,368	1,208,916
TOTAL LIABILITIES	<u><u>44,983,139</u></u>	<u><u>27,884,292</u></u>
Commitments and contingencies (Note 1)		
 <u>NET POSITION</u>		
Unexpended appropriations - other funds	213,630,343	152,413,192
Cumulative results operations - other funds	(1,222,512)	(639,488)
Cumulative results operations - funds from dedicated collections (Note 8)	1,011,034	1,215,951
TOTAL NET POSITION	<u>213,418,865</u>	<u>152,989,655</u>
 TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 258,402,004</u></u>	<u><u>\$ 180,873,947</u></u>

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, 2020 and 2019
(in US Dollars)

	<u>2020</u>	<u>2019</u>
PROGRAM COSTS (Notes 1, 8, 10, & 15)		
A More Perfect Union		
Gross costs	\$ 751,196	\$ -
Less: earned revenue	<u>(2,158)</u>	<u>-</u>
Net costs	749,038	-
Bridging Cultures		
Gross costs	(3,177)	130,832
Less: earned revenue	<u>9</u>	<u>(398)</u>
Net costs	(3,168)	130,434
Challenge Grants		
Gross costs	7,480,027	8,338,356
Less: earned revenue	<u>(21,487)</u>	<u>(25,380)</u>
Net costs	7,458,540	8,312,976
Common Good		
Gross costs	479,358	2,576,323
Less: earned revenue	<u>(1,377)</u>	<u>(7,842)</u>
Net costs	477,981	2,568,481
Digital Humanities		
Gross costs	7,249,356	6,708,157
Less: earned revenue	<u>(353,286)</u>	<u>(268,114)</u>
Net costs	6,896,070	6,440,043
Education		
Gross costs	15,069,773	14,558,497
Less: earned revenue	<u>(363,505)</u>	<u>(55,258)</u>
Net costs	14,706,268	14,503,239
Federal/State Partnership		
Gross costs	83,794,444	55,801,223
Less: earned revenue	<u>(240,494)</u>	<u>(169,644)</u>
Net costs	83,553,950	55,631,579
Preservation and Access		
Gross costs	21,473,208	21,524,171
Less: earned revenue	<u>(61,134)</u>	<u>(66,837)</u>
Net costs	21,412,074	21,457,334
Program Development		
Gross costs	52,989	163,467
Less: earned revenue	<u>(152)</u>	<u>(498)</u>
Net costs	52,837	162,969
Public		
Gross costs	21,160,899	15,768,560
Less: earned revenue	<u>(60,249)</u>	<u>(47,277)</u>
Net costs	21,100,650	15,721,283
Research		
Gross costs	20,063,579	20,815,561
Less: earned revenue	<u>(178,231)</u>	<u>(223,543)</u>
Net costs	19,885,348	20,592,018
Treasury Funds		
Gross costs	1,722,534	2,188,518
Less: earned revenue	<u>(4,948)</u>	<u>(6,661)</u>
Net costs	1,717,586	2,181,857
We the People		
Gross costs	856	(13)
Less: earned revenue	<u>(2)</u>	<u>-</u>
Net costs	854	(13)
TOTAL PROGRAMS		
Gross costs	179,295,042	148,573,652
Less: earned revenue	<u>(1,287,014)</u>	<u>(871,452)</u>
NET COST OF OPERATIONS	<u>\$ 178,008,028</u>	<u>\$ 147,702,200</u>

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, 2020 and 2019

(in US Dollars)

	2020			2019		
	Funds from Dedicated Collections (Note 8)	All Other Funds	Total	Funds from Dedicated Collections (Note 8)	All Other Funds	Total
<u>UNEXPENDED APPROPRIATIONS</u>						
Beginning balances	\$ -	\$ 152,413,192	\$ 152,413,192	\$ -	\$ 143,092,352	\$ 143,092,352
Beginning balances, as adjusted	-	152,413,192	152,413,192	-	143,092,352	143,092,352
Budgetary financing sources:						
Appropriations received	-	237,250,000	237,250,000	-	155,000,000	155,000,000
Appropriations used	-	(176,032,849)	(176,032,849)	-	(145,679,160)	(145,679,160)
Total budgetary financing sources	-	61,217,151	61,217,151	-	9,320,840	9,320,840
Total Unexpended Appropriations	-	213,630,343	213,630,343	-	152,413,192	152,413,192
<u>CUMULATIVE RESULTS OF OPERATIONS</u>						
Beginning balances	1,215,951	(639,488)	576,463	698,002	(148,870)	549,132
Beginning balances, as adjusted	1,215,951	(639,488)	576,463	698,002	(148,870)	549,132
Budgetary financing sources:						
Appropriations used	-	176,032,849	176,032,849	-	145,679,160	145,679,160
Donations	153,183	-	153,183	816,017	-	816,017
Other financing resources (Nonexchange):						
Imputed financing (Notes 1 & 15)	-	1,034,055	1,034,055	-	1,234,356	1,234,356
Total financing sources	153,183	177,066,904	177,220,087	816,017	146,913,516	147,729,533
Net cost of operations (Note 15)	(358,100)	(177,649,928)	(178,008,028)	(298,068)	(147,404,134)	(147,702,202)
Net Change	(204,917)	(583,024)	(787,941)	517,949	(490,618)	27,331
Cumulative Results of Operations	1,011,034	(1,222,512)	(211,478)	1,215,951	(639,488)	576,463
<u>NET POSITION</u>	\$ 1,011,034	\$ 212,407,831	\$ 213,418,865	\$ 1,215,951	\$ 151,773,704	\$ 152,989,655

The accompanying notes are an integral part of these statements.



STATEMENT OF BUDGETARY RESOURCES
For the Years Ended September 30, 2020 and 2019
(in US Dollars)

	<u>2020</u>	<u>2019</u>
Budgetary Resources:		
Unobligated Balance from Prior Year Budget Authority, Net	\$ 24,042,624	\$ 21,047,523
Appropriations (discretionary and mandatory)	237,403,183	155,816,017
Spending authority from offsetting collections (discretionary and mandatory)	1,120,349	1,749,911
Total budgetary resources	<u>262,566,156</u>	<u>178,613,451</u>
Status of Budgetary Resources:		
New obligations and upward adjustments (total)	230,411,617	156,013,291
Unobligated balance, end of year:		
Apportioned, unexpired accounts	30,933,437	22,600,160
Unapportioned, unexpired accounts	1,221,102	-
Unexpired unobligated balance, end of year	<u>32,154,539</u>	<u>22,600,160</u>
Unobligated balance, end of year (total)	<u>32,154,539</u>	<u>22,600,160</u>
Total budgetary resources	<u>262,566,156</u>	<u>178,613,451</u>
Outlays, Net:		
Outlays, net (total) (discretionary and mandatory)	159,685,156	140,129,987
Distributed offsetting receipts (-)	(329,397)	(851,865)
Agency outlays, net (discretionary and mandatory)	<u>159,355,759</u>	<u>139,278,122</u>
Disbursements, net (total) (mandatory)	<u>\$ 366,407</u>	<u>\$ 291,688</u>

The accompanying notes are an integral part of these statements.

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

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

Note 1 – Significant Accounting Policies

A. Reporting Entity

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

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.

Transactions are generally recorded on an accrual accounting basis and budgetary basis. 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.

C. Revenues and Other Financing Sources

NEH receives funding through annual Congressional appropriations from the budget of the United States under a no year appropriation and a multi-year appropriation from the Coronavirus Aid, Relief and Economic Security Act (CARES Act) Public Law 116-136, enacted on March 27, 2020. 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 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
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Multi-year appropriation for COVID-19 emergency response funds (CARES Act) are used for programs.

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. NEH also earns revenue by providing reimbursable services to other Federal agencies through interagency agreements.

Apportionment of funds is within the limitation provided by the Office of Management and Budget. Unapportioned, unexpired accounts in Status of Budgetary Resources has a zero balance for fiscal year 2019. The amount in fiscal year 2020 is due to the apportionment limitation.

D. Fund Balance with Treasury (FBWT)

Funds balances with the Department of the Treasury primarily represent appropriated funds that are available to pay current liabilities and finance authorized purchase commitments. See Note 3 for additional information.

E. 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.

F. 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:

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

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G. Liabilities

Liabilities represent transactions or events which have occurred for which NEH will likely pay. There is no absolute certainty that the appropriation will be enacted. Also, liabilities can be abrogated by the Government acting in its sovereign capacity.

H. 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*.

I. Accounts Receivable

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

J. Annual, Sick, and Other Leave

Annual leave is accrued as it is earned and the accrual is reduced as leave is taken. Each year, balances of accrued leave is adjusted to reflect current pay rates and balances. If current 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.

K. 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

National Endowment for the Humanities
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December 31, 1983. Employees hired before January 1, 1984, participated in CSRS unless they elected to join FERS and Social Security.

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 information pertaining to the retirement plans covering its employees except for imputed costs related to retirement (see section L).

L. Imputed Benefit Costs

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

M. 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.

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).

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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.

N. 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.

O. Commitments and Contingencies

There are no commitments or contingencies that require disclosure.

P. Rounding

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

Q. Significant Changes to Accounting Policy

There were no significant changes to accounting policy affecting the content of the financial statements in fiscal year 2020.

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

	<u>2020</u>	<u>2019</u>
Status of fund balance with Treasury:		
Unobligated balance - available	\$ 30,933,437	\$ 22,600,160
Unobligated balance - unavailable	1,221,102	-
Unfilled customer orders without advance	(762,911)	(719,155)
Receivables from federal sources	-	(24,636)
Obligated balance not yet disbursed	<u>223,324,670</u>	<u>155,141,903</u>
Total	<u>\$ 254,716,298</u>	<u>\$ 176,998,272</u>

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

*See Note 1 and 16 as related to CARES Act.

Note 3 – Accounts Receivable, Net

NEH uses a specific method to recognize allowance for uncollectable account. As of September 30, 2020 all receivables are reported at net cost and expected to be collected when due, no allowance for doubtful account needed.

	<u>2020</u>	<u>2019</u>
	<u>Current</u>	<u>Current</u>
Gross receivables		
Receivables from services to federal agencies:		
Advances to federal agencies	\$ 1,229,904	\$ 993,756
Other receivables	-	24,636
Receivables from the public:		
Advances to grantees	1,599,662	1,806,688
Other receivables	127,240	142,820
Net receivables	<u>\$ 2,956,806</u>	<u>\$ 2,967,900</u>

National Endowment for the Humanities
Notes to the Financial Statements
As of and for the Period Ended
September 30, 2020 and 2019
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Note 4 – General Property, Plant and Equipment, Net

Property and equipment, net, consists of the following:

Major Class	Service Life and Method	Cost	Accumulated Amortization/ Depreciation	<u>2020</u> Net Book Value	<u>2019</u> Net Book Value
Leasehold Improvements	10 years/Straight	\$ 168,722	\$ (105,451)	\$ 63,271	\$ 80,143
Office Equipment	5 years/Straight	295,541	(213,303)	82,238	139,342
Software - Internal Use	3 years/Straight	2,884,644	(2,301,253)	583,391	688,290
Total Property, Plant & Equipment		\$ 3,348,907	\$ (2,620,007)	\$ 728,900	\$ 907,775

Note 5 – Liabilities Not Covered by Budgetary Resources

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.

	<u>2020</u>	<u>2019</u>
Intragovernmental		
Accrued unfunded FECA	\$ 49,326	\$ 46,939
Total intragovernmental	49,326	46,939
Actuarial FECA	283,296	262,424
Accrued unfunded leave	1,542,368	1,208,916
Total liabilities not covered by budgetary resources	1,874,990	1,518,279
Total liabilities covered by budgetary resources	43,108,149	26,366,013
Total liabilities not requiring budgetary resources	-	-
Total Liabilities	\$ 44,983,139	\$ 27,884,292

National Endowment for the Humanities
Notes to the Financial Statements
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*See Note 1 and 16 as related to CARES Act.

Note 6 – Other Liabilities

	2020	2019
Intragovernmental:	Current	Current
Accrued Unfunded FECA	\$ 49,326	\$ 46,939
Advances from others	643,749	855,463
Employee contributions & payroll taxes payable	179,909	127,089
Total Intragovernmental	<u>872,984</u>	<u>1,029,491</u>
With the Public:		
Accounts Payable	223,105	208,365
Accrued funded payroll	922,975	786,982
Actuarial FECA liability	283,296	262,424
Accrued unfunded leave	1,542,368	1,208,916
Accrued liabilities due - non-Government	41,138,411	24,388,114
Total Liabilities with the Public	<u>44,110,155</u>	<u>26,854,801</u>
Total Liabilities	<u>\$ 44,983,139</u>	<u>\$ 27,884,292</u>

See Note 1 and 16 as related to CARES Act.

Note 7 – 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 as follows

National Endowment for the Humanities
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<u>Fiscal Year 2020</u>	<u>Office Space</u>
<u>Future payments due:</u>	
Fiscal year 2021	3,121,826
Fiscal year 2022	3,092,009
Fiscal year 2023	3,127,037
Fiscal year 2024*	<u>1,287,830</u>
Total Future Lease Payments	<u>\$ 10,628,702</u>

* - Current lease expires in February 2024

Note 8 – Funds from Dedicated Collections

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

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

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

National Endowment for the Humanities
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Note 8 – Funds from Dedicated Collections – (continued)

Balance Sheet, as of September 30th	2020			2019		
	Funds from Dedicated Collections	Eliminations	Total Funds from Dedicated	Funds from Dedicated Collections	Eliminations	Total Funds from Dedicated
Assets						
Fund Balance with Treasury	\$ 1,004,442	\$ -	\$ 1,004,442	\$ 1,217,666	\$ -	\$ 1,217,666
Other Assets - Intragov't Advances	63,416	-	63,416	60,252	-	60,252
Total Assets	1,067,858	-	1,067,858	1,277,918	-	1,277,918
Liabilities						
	56,825	-	56,825	61,968	-	61,968
Cumulative Results of Operations	1,011,034	-	1,011,034	1,215,951	-	1,215,951
Total Liabilities and Net Position	1,067,859	-	1,067,859	1,277,919	-	1,277,919
Statement of Net Cost, for the year ended September 30th						
Gross Program Costs	358,100	-	358,100	298,068	-	298,068
Less Earned Revenues	-	-	-	-	-	-
Net Program Costs	358,100	-	358,100	298,068	-	298,068
Costs not Attributable to Program Costs	-	-	-	-	-	-
Less Earned Revenues not Attributable to Program Costs	-	-	-	-	-	-
Net Cost of Operations	358,100	-	358,100	298,068	-	298,068
Statement of Changes in Net Position, for the year ended						
Net Position, Beginning of Period	1,215,951	-	1,215,951	698,002	-	698,002
Non-Exchange Revenue	153,183	-	153,183	816,017	-	816,017
Net Cost of Operations	358,100	-	358,100	298,068	-	298,068
Change in Net Position	(204,917)	-	(204,917)	517,949	-	517,949
Net Position, End of Period	\$ 1,011,034	\$ -	\$ 1,011,034	\$ 1,215,951	\$ -	\$ 1,215,951

National Endowment for the Humanities
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Note 9 – Sub-organization Program Costs

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 non-federal contributions in support of humanities projects and match non-federal donations on a one-to-one basis and have proven to be an effective mechanism for leveraging the contributions of businesses, foundations, and individuals on behalf of the humanities.

A More Perfect Union – In preparation for the U. S. Semiquincentennial in 2026, on the occasion of Constitution Day, NEH has a new “A More Perfect Union” initiative that provides funding opportunities across the agency’s seven grantmaking divisions for humanities projects that promote a deeper understanding of American history and culture and that advance civic education and knowledge of our core principles of government. Net costs were zero for fiscal year 2019 because fiscal year 2020 was the first year NEH received appropriations for this program.

*Refer to the Statement of Net Cost

Note 10 – Exchange Revenues for Reimbursable Services Activities

Pricing policy –NEH sets prices to recover the full costs incurred unless otherwise noted in the inter-agency agreement when providing goods and services.

Note 11 – Inter-Entity Costs

Goods and services are received from other federal entities at no cost or at a cost less than the full cost to the providing federal entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed by

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NEH are recognized as imputed costs in the Statement of Net Cost, and are offset by imputed revenue in the Statement of Changes in Net Position. For NEH, these imputed costs and revenues relate specifically to employee benefits that are administered by the Office of Personnel Management. However, unreimbursed costs of goods and services other than employee benefits administration are not included in our financial statements.

Note 12 – Undelivered Orders at the End of the Period

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

	<u>2020</u>	<u>2019</u>
Federal Undelivered Orders:		
Unpaid	\$ 893,399	\$ 696,139
Paid	<u>1,229,904</u>	<u>993,755</u>
Total Federal Undelivered Orders	2,123,303	1,689,894
Non-Federal Undelivered Orders:		
Unpaid	179,966,871	128,935,214
Paid	<u>1,599,662</u>	<u>1,806,688</u>
Total Non-Federal Undelivered Orders	181,566,533	130,741,902
Total, Undelivered Orders at the End of the Period	<u>\$ 183,689,836</u>	<u>\$ 132,431,796</u>

Note 13 – 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 2020 has not been published. Actual numbers for fiscal year 2020 will be included in the President’s Budget for fiscal year 2022, which will be published in February 2022 and will be available at <http://www.whitehouse.gov/omb/budget>.

There are no material differences between the amounts reported in the FY 2019 Statement of Budgetary Resources and the 2019 actual amounts reported in the Budget of the United States Government. Any differences in the table below are due to the rounding of the amounts in the Budget of the United States Government.

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FY 2019 (in millions of dollars)	Budgetary Resources Available for Obligation	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Budget of the US Government	\$ 178	\$ 156	\$ -	\$ 140
Statement of Budgetary Resources	179	156	1	140
Differences (due to rounding)	\$ 1	\$ -	\$ 1	\$ -

Note 14 – Incidental Custodial Collections

NEH collects funds, such as program income generated from NEH-funded projects, on behalf of the federal government. These collections, called custodial collections, are not available for NEH use and must be returned to the U.S. Treasury at the end of the fiscal year.

	<u>2020</u>	<u>2019</u>
Collections for NEH projects funded in previous years	\$ 176,214	\$ 35,848
Total cash collections	<u>176,214</u>	<u>35,848</u>
Disposition of collections:		
Retained by NEH	-	-
Net custodial collection activity	<u>\$ 176,214</u>	<u>\$ 35,848</u>

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Note 15– Reconciliation of Net Cost to Net Outlays

	2020			2019		
	Intra- governmental	With the Public	Total	Intra- governmental	With the Public	Total
Net Operating Cost (SNC)	\$ 7,894,729	\$ 170,113,299	\$ 178,008,028	\$ 8,588,729	\$ 139,113,471	\$ 147,702,200
Components of Net Operating Cost Not Part of the Budgetary Outlays						
Property, plant, and equipment depreciation	-	(451,311)	(451,311)	-	(467,471)	(467,471)
Other	-	272,436	272,436	-	298,578	298,578
Increase/(Decrease) in assets:						
Accounts receivable	(24,636)	(15,580)	(40,216)	22,464	(12,725)	9,739
Other assets	236,149	(207,027)	29,122	(71,321)	(1,187,507)	(1,258,828)
Investments						
(Increase)/Decrease in liabilities not affecting Budget Outlays						
Accounts payable	211,714	(14,741)	196,973	(796,739)	(115,138)	(911,877)
Salaries and benefits	(52,820)	(135,993)	(188,813)	(13,872)	(165,018)	(178,890)
Other liabilities (Unfunded leave, unfunded FECA, actuarial FECA)	(2,387)	(17,104,621)	(17,107,008)	(968)	(3,828,142)	(3,829,110)
Other financing sources						
Federal employee retirement benefit costs paid by OPM and imputed to agency	(1,034,055)	-	(1,034,055)	(1,234,356)	-	(1,234,356)
Total Components of Net Operating Cost Not Part of the Budget Outlays	(666,035)	(17,656,837)	(18,322,872)	(2,094,792)	(5,477,423)	(7,572,215)
Components of the Budget Outlays That Are Not Part of Net Operating Cost						
Other	(176,214)	(153,183)	(329,397)	(35,848)	(816,017)	(851,865)
<i>Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost</i>	<u>(176,214)</u>	<u>(153,183)</u>	<u>(329,397)</u>	<u>(35,848)</u>	<u>(816,017)</u>	<u>(851,865)</u>
Net Outlays	<u>\$ 7,052,480</u>	<u>\$ 152,303,279</u>	<u>\$ 159,355,759</u>	<u>\$ 6,458,089</u>	<u>\$ 132,820,031</u>	<u>\$ 139,278,120</u>
Related Amounts on the Statement of Budgetary Resources						
Outlays, net			159,685,156			140,129,987
Distributed offsetting receipts			(329,397)			(851,865)
Agency Outlays, Net			<u>\$ 159,355,759</u>			<u>\$ 139,278,122</u>

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Note 16– COVID-19 Activity

The table below represents the status of resources from the multi-year appropriation from the Coronavirus Aid, Relief and Economic Security Act (CARES Act) Public Law 116-136, enacted on March 27, 2020 and received by NEH.

Budgetary Resources	
Appropriation	<u>75,000,000</u>
Budgetary Resources Used	
Programs or Activities Funded	
Chairman's Grants	(30,000)
Digital Humanities	(3,850,204)
Education	(11,616,562)
Federal/State Partnership	(30,465,685)
Preservation and Access	(6,139,421)
Public Programs	(14,023,176)
Research	<u>(1,445,532)</u>
Total Budgetary Resources Used	<u>(67,570,580)</u>
Unobligated Balance	<u>7,429,420</u>



Independent Auditor's Report

Ms. Laura Davis
Inspector General
National Endowment for the Humanities

Mr. Jon Parrish Peede
Chairman
National Endowment for the Humanities

In our audit of the fiscal year 2020 financial statements of the National Endowment for the Humanities (NEH), we found:

- NEH's financial statements as of and for the fiscal year ended September 30, 2020, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- no material weaknesses in internal control over financial reporting based on the limited procedures we performed;¹ and
- two reportable noncompliance for fiscal year 2020 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections discuss in more detail (1) our report on the financial statements, which includes required supplementary information (RSI)² and other information included with the financial statements³; (2) our report on internal control over financial reporting; and (3) our report on compliance with laws, regulations, contracts, and grant agreements; and (4) agency comments.

Report on the Financial Statements

In accordance with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*, we have audited NEH's financial statements. NEH's financial statements comprise the balance sheet as of September 30, 2020, and

¹A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, 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 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.

²The RSI consists of Management Discussion and Analysis and Performance Information.

³Other information consists of information included with the financial statements, other than RSI and the audit report.

2019 the related statements of net cost, changes in net position, and budgetary resources for the fiscal year then ended, and the related notes to the financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the U.S.; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements* (OMB Bulletin 19-03). We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility

NEH management is responsible for (1) the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles; (3) preparing and presenting other information included in documents containing the audited financial statements and auditor's report, and ensuring the consistency of that information with the audited financial statements and the RSI; and (4) maintaining effective internal control over financial reporting, including 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 fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. U.S. generally accepted auditing standards, U.S. generally accepted government auditing standards, and OMB 19-03 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We are also responsible for applying certain limited procedures to RSI and other information included with the financial statements.

An audit of financial statements 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 auditor's assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit of financial statements also involves evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audits also included performing such other procedures as we considered necessary in the circumstances.

Opinion on Financial Statements

In our opinion, NEH's financial statements present fairly, in all material respects, NEH's financial position as of September 30, 2020, and its net cost of operations, changes in net position, and budgetary resources for the fiscal year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Prior Year Financial Statements

The NEH financial statements as of and for the year ended September 30, 2019 were audited by other auditors, whose Independent Auditor's Report dated November 14, 2019, expressed an unmodified opinion on those financial statements.

Required Supplementary Information

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the RSI be presented to supplement the financial statements. Although the RSI is not a part of the financial statements, FASAB considers this information to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards, which consisted of inquiries of management about the methods of preparing the RSI and comparing the information for consistency with management's responses to the auditor's inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

NEH's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. We read the other information included with the financial statements in order to identify material inconsistencies, if any, with the audited financial statements. Our audit was conducted for the purpose of forming an opinion on NEH's financial statements. We did not audit and do not express an opinion or provide any assurance on the other information.

Report on Internal Control over Financial Reporting

In connection with our audits of the NEH's financial statements, we considered the NEH's internal control over financial reporting, consistent with our auditor's responsibility discussed below. We performed our procedures related to the NEH's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards.

Management's Responsibility

NEH management is responsible for maintaining effective internal control over financial reporting, including 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 fraud or error.

Auditor's Responsibility

In planning and performing our audit of NEH's financial statements as of and for the year ended September 30, 2020, in accordance with U.S. generally accepted government auditing standards,

we considered the NEH's internal control over financial reporting 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 over financial reporting. Accordingly, we do not express an opinion on the NEH's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies⁴ or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses and significant deficiencies or to express an opinion on the effectiveness of the NEH's internal control over financial reporting. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

As discussed in *Appendix I*, our audit identified two deficiencies in NEH's controls pertaining to the agency's lack of controls over procurement and grant awards and the lack of an effective Enterprise Risk Management (ERM) program and that represent significant deficiencies in NEH's internal control over financial reporting.

Although the significant deficiencies in internal control did not affect our opinion on NEH's FY 2020 financial statements, misstatements may occur in unaudited financial information reported internally and externally by NEH because of these significant deficiencies.

In addition to the significant deficiencies, we identified another control deficiency in NEH's internal control over financial reporting that we do not consider to be a material weakness or significant deficiency. Nonetheless, this deficiency warrants NEH management's attention. We have communicated this matter to NEH management in a separate letter.

⁴A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of the NEH's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of the NEH's internal control over financial reporting. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

In connection with our audits of NEH's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibility discussed below. We caution that noncompliance may occur and not be detected by these tests. We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.

Management's Responsibility

NEH management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to NEH.

Auditor's Responsibility

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to NEH that have a direct effect on the determination of material amounts and disclosures in NEH's financial statements and perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to NEH.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed two instances of noncompliance for fiscal year 2020 related to the Federal Acquisition Regulation and the Code of Federal Regulations (CFR), Title 2, Subtitle A, Chapter II, Part 200, and implementation of an effective ERM program to comply with all requirements of OMB Circular A-123 that would be reportable under U.S. generally accepted government auditing standards. The noncompliance matters are explained further in *Appendix I*. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to NEH. Accordingly, we do not express such an opinion.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

Agency Comments

In commenting on a draft of this report, NEH provided a response, which is presented in *Appendix II*. We did not audit NEH's response and accordingly, we express no opinion on the response.

Williams, Arley & Company-DC, LLP

Washington, DC
November 16, 2020

Appendix I – Significant Deficiencies in Internal Control and Related Noncompliance Matters

20-01: Insufficient Documentation for Grant and Procurement Awards

We determined that sufficient documentation was not available to support NEH's procurement and grant awarding process, including performing evaluations of contractors, vendor checks, the performance of risk assessments.

During our testing of expense transactions exceeding \$10,000⁵, we identified eight (8) procurement transactions (totaling \$332,467) that were not supported by documentation outlining the procurement vendor selection process. Additionally, during our testing of unliquidated obligations (ULOs), we identified ten (10) transactions (totaling \$851,643) that were not supported by a contract or award document signed by an NEH contracting officer.

Additionally, during our testing of grant awards made by NEH we identified that risk assessment documentation provided was either insufficient or not provided for seven (7) grant awards, thus we were unable to reasonably conclude that a proper risk assessment was performed. Additionally, in our testing of grant awarding procedures, we identified one grant award with no documentation available for review. As the initial award, made in 2002, predates NEH's system for grant award management (eGMS), the paper file has been archived and unavailable for our review. The unavailable documentation includes the Office Notice of Action, Final Performance Report, and the Final Financial Report.

The Federal Acquisition Regulation (FAR), Section 4.801 requires that "(a) The head of each office performing contracting, contract administration, or paying functions shall establish files containing the records of all contractual actions." Section 4.802 also requires that each contract file "...documents the basis for the acquisition and the award, the assignment of contract administration (including payment responsibilities), and any subsequent actions taken by the contracting office; (2) The contract administration office contract file that documents actions reflecting the basis for and the performance of contract administration responsibilities; and (3) The paying office contract file that documents actions prerequisite to, substantiating, and reflecting contract payments. (b) Normally, each file should be kept separately; however, if appropriate, any or all of the files may be combined; e.g., if all functions or any combination of the functions are performed by the same office." Furthermore, Section 4.1103 of the FAR requires, unless exempt by Section 4.1102(a), the contracting officer to verify that the offeror or quoter is registered in SAM at the time an offer or quotation is submitted using a unique entity identifier.

Furthermore, 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200), Section 205 requires the Federal awarding agency to review and document the risk posed by applicants prior to making the award. These risks include governmentwide eligibility qualification or financial integrity information, such as Federal Awardee Performance and Integrity Information System (FAPIIS), Dun and Bradstreet, and "Do Not Pay".

These conditions occurred because NEH does not have comprehensive policies and procedures that outline proper documentation procedures or require document retention. Specifically, for

⁵ NEH's internal policies require the contract procurement of any purchases greater than \$10,000, as well as the performance of controls to ensure the adequate and appropriate selection of vendors.

Appendix I – Significant Deficiencies in Internal Control and Related Noncompliance Matters

procurement transactions, NEH’s policies do not outline the process for vendor selection, nor do the policies require the retention of contract documentation utilized in the process. Additionally, NEH’s grants management policies and procedures do not specifically outline the process for conducting, documenting, and retaining risk assessments.

As a result of these multiple deficiencies, NEH is not in compliance with the Federal Acquisition Regulation (FAR) and 2 CFR 200, which may result in obligations and grants that cannot be supported or substantiated. Specifically, we identified \$332,467 of expense transactions and \$851,643 of unliquidated obligations (totaling \$1,184,110) that were not supported by documentation.

We recommend that NEH update their Grants Management and Procurement policies and procedures to outline processes that require documentation and to include documentation retention requirements. Once current policies and procedures have been updated, NEH should implement controls to ensure that these policies and procedures are followed to ensure that procurements and grant awards are fully documented and available upon request.

20-02: Lack of Agency-wide Risk Assessment Procedures

The National Endowment for the Humanities (NEH) has not fully implemented an effective Enterprise Risk Management (ERM) program to comply with all requirements of Office of Management and Budget (OMB) Circular A-123, “*Management’s Responsibility for Enterprise Risk Management and Internal Control*” (OMB A-123) and OMB Circular A-136, “*Financial Reporting Requirements*” (OMB A-136).

We found that NEH’s ERM implementation has been limited to the Accounting Department, and NEH has relied on accounting personnel to implement these policies and procedures across the agency. Specifically, NEH currently utilizes the Accounting Department personnel to try to perform risk management functions, make inquiries regarding certain risks, and perform a limited risk assessment and risk profile. Additionally, upon reviewing NEH’s PAR for compliance with OMB A-136, we determined that the Performance Goals listed in the “Fiscal Year 2020 Performance Report” section were not supported by data from NEH’s financial or grants management systems; rather, was populated based on information provided by each division.

OMB A-123 requires agencies to integrate risk management and internal control functions. OMB A-123 also establishes an assessment process based on the Government Accountability Office’s (GAO) Standards for Internal Control in the Federal Government (known as the Green Book) that management must implement in order to properly assess and improve internal controls over operations, reporting, and compliance.

OMB A-123, Management’s Responsibility for Enterprise Risk Management and Internal Control, requires agencies to implement an ERM capability coordinated with the strategic planning and strategic review process established by the Government Performance and Results Act Modernization Act and the internal control processes required by the Federal Managers’ Financial Integrity Act and the Standards for Internal Control in the Federal government, as issued by the Comptroller General of the United States.

Appendix I – Significant Deficiencies in Internal Control and Related Noncompliance Matters

OMB Circular A-136 requires that a PAR must contain, as required supplementary information (RSI), a section on Management Discussion & Analysis (MD&A). As part of this MD&A section, and to help the reader assess the efficiency and effectiveness of major programs, the MD&A should summarize procedures management has established to provide reasonable assurance that performance information is relevant and reliable.

NEH personnel stated that although the agency has undertaken efforts to initiate an ERM program through the establishment of a Risk Management Council and engagement in enterprise-wide identification and assessment of risks, this deficiency occurred due to inadequate resources to stand up a full-fledge Enterprise Risk Management program across the agency to comply with the requirements of OMB A-123. Additionally, NEH personnel stated the agency does not currently have procedures in place to ensure performance data and information is supported by information in their financial and grants management systems.

Without a dedicated ERM program, NEH will not be able to adequately identify risks to the agency and determine the effectiveness of operations and the control environment, leaving the agency ill prepared to face any failures of controls that may arise. Also, without an effective ERM program NEH cannot ensure the supportability of other information presented in the “Performance” section of their Performance & Accountability Report (PAR). Additionally, without supportable data for performance metrics and goals in the PAR, NEH cannot ensure a material misstatement of fact does not exist or the other information is not misleading.

Implementing ERM requires the full engagement and commitment of senior leaders, which advances the role of leadership in the agency goal setting process, tracking and monitoring performance initiatives and metrics, and demonstrates to agency staff the importance of ERM. Since ERM is a dynamic and iterative process, NEH must provide the necessary resources to solely focus on maturing the NEH’s ERM processes. This will ensure that program and function risk assessments are fully accomplished and used to inform all stakeholders of risks across the agency, as well as improve the quality of strategic decision-making.

Williams Adley recommends that the NEH:

1. Dedicate specific resources to implement the requirements of OMB A-123, including standing up a centralized office to lead the efforts and establishing specific responsibilities throughout the agency.
2. Implement policies and procedures, including developing and maintaining a risk register and risk profiles across the agency.
3. Develop procedures and controls to ensure performance information reported in the PAR is in accordance with OMB A-136 by utilizing information from NEH’s financial and grants management systems.



NATIONAL ENDOWMENT FOR THE HUMANITIES

November 16, 2020

Malik Powell
Audit Manager
Williams, Adley, and Company, LLP-DC
1030 15th Street NW Suite 350 West
Washington, DC 20005

Dear Mr. Powell,

Thank you for the opportunity to comment on the draft audit report of the National Endowment for the Humanities (NEH) for fiscal year 2020.

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 your team's hard work 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,

A handwritten signature in black ink, appearing to read "Carlos Díaz-Rosillo".

Carlos Díaz-Rosillo
Senior Deputy Chairman

cc: Laura Davis
Cora Shepherd

IV. Other Accompanying Information

Summary of Financial Statement Audit and Management Assurances

The following exhibit provides a summary of the negative reports of material weaknesses and all items corrected for FY2020.

Table 1 - Summary of Financial Statement Audit for the Year Ending September 30, 2020

Audit Opinion	Unmodified				
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, 2020

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Unmodified					
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	Unmodified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
No items to report	0	-	-	-	-	0
Total Material Weaknesses	0	-	-	-	-	0
Conformance with Federal 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 Section 803 (a) Federal Financial Management Improvement Act (FFMIA)						
*Not Applicable to Non-CFO Act Agencies per OMB Circular A-127 Sec. 8D						
Overall Substantial Compliance	Agency			Auditor		
	Not Applicable*			Not Applicable*		
1. System Requirements				Not Applicable*		
2. Accounting Standards				Not Applicable*		
3. USSGL at Transaction Level				Not Applicable*		

Improper Payments Elimination and Recovery Act (IPERIA)

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 [here](#).

Corrective Action Plans to Reduce Improper Payments

Controls currently in place effectively prevent improper payments. Despite this encouraging result, the agency continues to reassess its processes and adjust its policies and procedures as necessary. The agency continues to explore options to modernize the payment process through implementing electronic systems. Because of the low improper payment rate experienced, NEH continues to set a goal of zero improper payments for FY 2021 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.

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.

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.

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 risks, management's

analysis of the risk effects, and the controls developed to address 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.

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 2020 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 was not performed. However, NEH maintains the same payment certification process for all payments made by the agency. For these programs, potential payments are reviewed to ensure that:

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

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

The result of the sampling was an error rate of zero percent for FY2020 IPIA reporting.

Risk Assessment and Oversight Benefits

The NEH assessment resulted in a FY 2020 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.

Improper Payment Reduction Outlook

The result of sampling was an error rate of zero percent for FY 2020 IPIA reporting.

Program	FY 2017			FY 2018			FY 2019			FY 2020*			FY 2021*		
	Outlays	%	\$	Outlays	%	\$	Outlays	%	\$	Est. Outlays	%	\$	Est. Outlays	%	\$
Grant Program	\$121,197	0.1%	\$137	\$118,813	0.0%	\$0	\$113,376	0.0%	\$0	\$129,889	0.0%	\$0	\$120,819	0.0%	\$0

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 2020, 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.

Summary of Expired Grants Obligations

As required by OMB A-136 Financial Reporting Requirements, Section II4.9, the agency must provide a high-level summary of award balances of grants for which the period of performance has expired, elapsed a period of two years but not yet been closed out. For FY2020, NEH currently has no expired grant award balances to report.

Management and Performance Challenges for the

National Endowment for the Humanities

FY 2020

Information Technology Security

Risks to Federal government information and communication systems include insider threats from disaffected or careless employees and business partners; escalating and emerging threats from around the globe; the ease of obtaining and using hacking tools; the steady advance in the sophistication of attack technology; and the emergence of new and more destructive attacks. The National Endowment for the Humanities (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 cyber-based threats. The *Federal Information Security Modernization Act of 2014* (FISMA) requires each Federal agency to develop, document, and implement an agency-wide program to provide information security and develop a comprehensive framework to protect the government's information, operations, and assets. The NEH has committed to the maintenance of information security policies and procedures consistent with FISMA and National Institute of Standards and Technology (NIST) requirements and continues to undertake efforts to institutionalize those policies and procedures. However, full implementation of an effective information security program remains an ongoing challenge for the NEH.

The NEH has not fully implemented information security continuous monitoring. The NEH *Security Program and Risk Management Plan* (the "Plan") outlines the agency-wide strategy for managing information security and risk. A purpose of the Plan is to promote the concept of near real-time management and ongoing information system authorization through the implementation of robust continuous monitoring processes. The Plan further mandates the development of a continuous monitoring plan (CMP) for each major information management system, which will describe how the information system will be monitored and assessed for risk throughout its life cycle. While the NEH 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. Risk assessment is the foundational tool used to facilitate thoughtful and purposeful cyber defense strategies. Documented continuous monitoring plans facilitate ongoing awareness and assessment of information security vulnerabilities and threats to NEH systems and information.

NEH leadership has committed personnel and budgetary resources to support the updated assessment and authorization (A&A) of two core information management systems. The A&A process is a comprehensive assessment of information system policies, technical/non-technical security components, documentation, vulnerabilities, and supplemental safeguards. The A&A process establishes the extent to which a particular design and implementation meet a set of

specified security requirements defined by the NEH, Federal government guidelines, and Federal mandates. Upon being granted the authorization to operate, the information management system will be placed into the NEH information security continuous monitoring program, which will maintain ongoing awareness of information security, vulnerabilities, and threats to the system. The A&A process for the first information management system is in progress. However, much of the manpower and resources dedicated to the A&A was reallocated to support priorities necessitated by the COVID-19 pandemic. Consequently, the A&A schedule has been extended. Cyber-based intrusions and attacks on Federal systems are evolving and becoming more sophisticated. Therefore, it is critical that NEH continue its focus on maintaining an effective information security program.

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). The NEH has documented a 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 included in the agency's continuity of operations plan. However, NEH must fully integrate continuity planning and procedures into all aspects of daily operations to foster a "culture of continuity". This approach will enable the Agency to effectively respond to and recover from a catastrophic emergency. The COVID-19 pandemic underscores the importance of robust continuity of operations planning.

According to Federal Continuity Directive 1, *Federal Executive Branch National Continuity Program and Requirements*¹, all organizations must incorporate a test, training, and exercise (TT&E) strategy into continuity programs. 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. Limited activity has been extended to the testing and evaluation of the NEH continuity of operations plan over the past few years, (inclusive of information system contingency plans). The last comprehensive exercise to evaluate NEH continuity planning and disaster recovery procedures was conducted in July 2012. This represents a recurring management challenge.

Reporting and Data Integrity

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*², requires Federal agencies to manage risk in relation to achievement of

¹ Federal Continuity Directive 1 (FCD-1) was issued by the Secretary of Homeland Security through the Administrator of the Federal Emergency Management Agency. FCD-1 establishes the framework, requirements, and processes to support the development of executive department and agency continuity programs and by specifying and defining elements of a continuity plan.

² OMB Memorandum M-16-17 dated July 15, 2016

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. The quality of information published 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 and maintain a data quality plan that considers the incremental risks to data quality in Federal spending data and any controls that would manage such risks. This plan was to be developed by fiscal year 2019, and should be reviewed and assessed annually for three years or until the agency determines that sufficient controls are in place to achieve the reporting objective. NEH management has not developed and implemented a data quality plan. This area remains a management challenge.

Enterprise Risk Management

Enterprise Risk Management (ERM) is an effective agency-wide approach to addressing an organization's external and internal risks through an understanding of the combined impact of risks as an interrelated portfolio, rather than addressing risks only within silos. ERM provides an enterprise-wide, strategically-aligned portfolio view of organizational challenges that informs decisions concerning the priority of resource allocations to ensure successful mission delivery. OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, requires agencies to implement an ERM capability coordinated with the strategic planning and strategic review process established by the Government Performance and Results Act Modernization Act and the internal control processes required by the *Federal Managers' Financial Integrity Act* and the *Standards for Internal Control in the Federal Government*, as issued by the Comptroller General of the United States. Agency management should establish a governance structure to effectively implement, direct, and oversee implementation of OMB Circular A-123 and all the provisions of a robust process of risk management and internal control. Federal agencies must maintain and update, at least annually, a risk profile to (1) provide an analysis of the risks the agency faces in achieving strategic objectives arising from activities and operations; (2) identify appropriate options for addressing significant risks; and (3) inform the development of strategic plans as well as the President's budget. All aspects of the risk management process should be assessed, at least annually.

The NEH has undertaken efforts to initiate an ERM program through the establishment of a Risk Management Council and engagement in enterprise-wide identification and assessment of risks. However, due to competing priorities and turnover in key personnel, the agency's ERM efforts have stalled. Implementing ERM requires the full engagement and commitment of senior leaders, which advances the role of leadership in the agency goal setting process and demonstrates to agency staff the importance of ERM. Since ERM is a dynamic and iterative process, NEH leadership must remain focused on maturing the NEH processes and procedures, ensuring that program and function risk assessments are fulsome and used to inform enterprise risk management and the quality of strategic decision-making.

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

Chairman's Response to Inspector General Management Challenges



NATIONAL
ENDOWMENT
FOR THE
HUMANITIES

THE CHAIRMAN

MEMORANDUM

Date: November 16, 2020

To: Laura Davis
Inspector General

From: Jon Parrish Peede
Chairman

Thank you for your assessments of significant management challenges facing NEH in fiscal year 2020. Our responses to your specific concerns are detailed below.

Information Technology Security

Thank you for acknowledging the progress NEH has made in the past few years by funding allocations in FY 2018, FY 2019, and FY 2020 to implement the Assessment and Authorization (A&A) will yield mature information security Continuous Monitoring Plans (CMPs) for each of NEH's core information management systems. As noted in your challenge; manpower and resources were re-allocated to primarily support agency continuity of operations for COVID-19 pandemic, therefore extending the A&A schedule. We will continue to focus manpower and resources to ensure completion and compliance. NEH's CISO will continue to provide quarterly updates to OIG our A&A progress.

Continuity of Operations Program

We acknowledge the need to have a robust Continuity of Operations Plan (COOP). In November of FY2020, the agency successfully conducted a test of its Incident Response Plan (IRP). The IRP is the basis for the agency's overarching COOP Plan. NEH COOP coordinators met with FEMA evaluators in calendar year (CY) 2019 to discuss various topics including the NEH COOP training plan. Since the NEH conference with FEMA, the agency has tested and trained designated Emergency Response Team (ERT) personnel on their roles and responsibilities. The agency has participated in Eagle Horizon and federal level emergency response exercises. Because the NEH's participation in FEMA's scheduled exercise for May 2020 was canceled, the anticipated oversight was not performed.

NEH remains committed to finalizing an agency plan, however, the agency's response to the COVID-19 pandemic has resulted in 100% agency operational capability, although there has

been a delay in the formal finalization of the plan. The intent is to incorporate in the final approved plan lessons learned from the pandemic response activities.

Reporting and Data Integrity

NEH continues to develop automated preparation of required submission files. The Data Quality Plan (DQP) developed in FY2019 details the use of a variety of controls to ensure accurate data reporting. The official policy has not completed final senior management review and approval therefore has not fully implemented the DQP. The agency improved its reporting of award activities through increased internal coordination among the responsible agency offices and built additional tools to assist with both identifying and tracking reportable procurement transactions.

Enterprise Risk Management

We acknowledge this challenge and understand the importance of a comprehensive, agency-wide approach to risk management and compliance. Through the development of the detailed corrective action plans to directly address the audit notice of findings for ERM, NEH looks to develop inputs, outputs, and timelines to fully implement ERM and OMB Circular A-123 requirements. NEH looks to ensure specific, dedicated resources and manpower are allocated to ensure agency ERM maturity and compliance with A-123.



Jon Parrish Peede
Chairman