

Testimony on the FY-1993 Appropriation for the National Endowment for the Humanities

Presented to the U.S. House of Representatives, Subcommittee on Interior and Related Agencies (Committee on Appropriations), by Werner Gundersheimer, Director, Folger Shakespeare Library and Chairman, Independent Research Libraries Association, on behalf of the Independent Research Libraries Association and the National Humanities Alliance

9 April 1992

Mr. Chairman and Members of the Subcommittee,

I am Werner Gundersheimer an historian specializing in the European Renaissance serving as Director of the Folger Shakespeare Library. Currently, I am also serving as President of the Independent Research Libraries Association and as a director of the National Humanities Alliance.

It is a pleasure to testify before you today and to represent the National Humanities Alliance and its membership of more than seventy scholarly and professional associations, organizations of museums, libraries, historical societies, higher education, and state humanities councils, university-based and independent humanities research centers and others concerned with national humanities policies. I am pleased to have this opportunity to express support for the National Endowment or the Humanities and to particularly emphasize the importance of the President's request for \$16 million for Challenge Grants in the next fiscal year.

Today, my testimony is focused upon two interrelated areas: the central importance of the NEH's Challenge Grant program for a broad range of institutions involved in the humanities enterprise in the United States; and secondly, the longer-term federal interest in the free standing national organizations that make up a significant part of the infrastructure supporting scholarship in this country.

ON NEH'S CHALLENGE GRANT PROGRAM

At the time of NEH's 25th Anniversary, Harold Cannon, long-time director of the NEH Challenge Grant program wrote the following on the origins of the challenge grant concept [Unpublished 1990 paper by Harold Cannon quoted here with the author's permission.]: "In 1751 Dr. Thomas Bond was having difficulty raising four thousands pounds in the private sector for the establishment of a hospital in Philadelphia. He appealed to his friend Benjamin Franklin, who petitioned the Assembly for half the money, but encountered considerable opposition from those who doubted whether the citizens would come forward with as much as two thousand pounds in voluntary donations. Faced with this obstacle, Ben invented what appears to have been the prototype of the challenge grant by securing passage of a bill that would elicit two thousand pounds of public funds from the treasury when that amount of private money had been donated to the project. He found that this stratagem worked well in two different ways. The politicians were pleased to find that they could have 'the credit of being charitable without the expence,' and potential donors discovered that 'every man's donation would be doubled.' The hospital was built, and thirty-seven years later Ben noted that it continued to flourish. He added this comment on his satisfaction at the event: '....I do not remember any of my political manoeuvres, the success of which gave me at the time more pleasure, or wherein, after thinking of it, I more easily excus'd myself for having made some use of cunning.' All our information about this satisfactory incident comes from Franklin's famous

autobiography, a work that has been a favorite of students of the humanities for over two centuries."

The NEH Challenge Grant Program, first initiated in 1977 has proven to be the key program for a wide-range of humanities institutions. NEH describes its challenge grants as being "designed to improve program quality and financial stability in institutions where teaching, learning, and research in the humanities occur." Competitions for these awards is intense. Since a central purpose of the program is to leverage support for humanities organizations from private contributors, NEH is properly more stringent than the Assembly was with Ben Franklin. NEH requires first time recipients of challenge grants to raise three dollars for each federal dollar; second challenge grant award winners must match four to one.

For the humanities community, the advantages of the challenge grant mechanism as developed by the Endowment include:

- Unlike virtually all other NEH and other federal sources of support, Challenge Grants do not require innovation -- rather they help organizations to continue to do that which they do well;
- A challenge grant can be used for strengthening an organization's ongoing functions, i.e., capital activities ranging from building an endowment to support staff, faculty or collection, renovating or newly constructing buildings, purchasing equipment (also unique among federal programs supporting non-federal humanities organizations); and
- Challenge Grants have demonstrated a drawing power for new donors while at the same time strengthening bonds with old donors.

In the first thirteen years, the Challenge Grant program has aided more than 900 individual institutions in developing more than \$1 billion for endowments, buildings, general strengthening of financial bases, etc. Included below are descriptions of the experience of four grantees to illustrate the importance and effectiveness of the program:

- In December 1988, the University of Washington Press [Based upon information provided 4/1/92 by Naomi B. Pascal, Editor-in-Chief, University of Washington Press.], a first-time grantee received a \$250,000 grant to provide financial stability for the Press and to enable maintenance and development of a publishing program in the humanities by establishing an endowment fund to supplement the very small subsidy received from the university. Prior to the challenge grant, fund-raising had been limited to finding support for specific projects from public and private foundations. The Challenge Grant established the credentials of the Press as a worthy recipient of both university and community support; it provided the incentive of the multiplier effect of the matching requirement (i.e., potential donors were attracted to the idea that their gifts would be enhanced by the federal funds released); and the Challenge Grant for the first time provided a structure for the support of the University of Washington's Office of Development, which for the first time recognized the Press as a potentially significant player and began including it in direct fund raising activities and in on-going planning. Perhaps the happiest impact of the grant was the discovery that the idea of supporting the publication of scholarly books in the humanities through contributions that would be matched through the challenge grant proved to be unexpectedly appealing.

- The Northeast Document Conservation Center (NEDCC) [Based upon a 3/27/92 communication from Ann Russell, Executive Director, Northeast Document Conservation Center.] used a 1988 second challenge grant for three purposes: a) to renovate a new conservation facility -- now its headquarters in Andover, Massachusetts; b) to increase its endowment to support the increased operating costs of the expanded facility; and c) to broaden the Center's educational programs. The grant was the second, thus requiring a four to one match. Using the leverage of the grant, the NEDCC exceeded its fund raising goal and, in 1990 moved to a state-of-the-art new facility that meets its long-term needs for space, security, and climate controls. The impact has been significantly increased demand for the NEDCC's laboratory services. The Center has taken on a number of nationally visible projects such as treating and preparing a copy of the Bill of Rights for the Seville Universal Exposition (Expo 92). As a result of the NEH Challenge Grant and the fund drive to raise matching funds, NEDCC made contact with many new donors, especially foundations and corporations. These donors have continued to support the Center beyond the completion of the Challenge Grant campaign. Support from those private sector sources has been a major factor in enabling the Center to continue and expand its programs and services during the current recession.
- The Linguistic Society of America (LSA) [Based upon materials provided by Margaret W. Reynolds, Executive Director, Linguistic Society of America.] received a \$75,000 Challenge Grant in 1983 to:

a) continue the special activities which enhance the quality of linguistic scholarship including Linguistic Institutes, symposia, workshops, lectures, fellowships, publications, conferences travel grants, and special research projects; and

b) develop and fund raising capability that could then be maintained on a continuing basis.

Explicitly the LSA excluded from the campaign all its basic activities such as the journal *Language*, newsletter, annual meetings, and so forth which would continue to be supported with income from annual dues. Not only did LSA more than meet the matching requirements (i.e., \$243,000 raised in matchable contributions over three years) but the Challenge Grant experience produced a much higher visibility among its membership for special activities requiring support, broadened the LSA involvement with private foundations and corporations, and strengthened the overall finances significantly.

- My own institution, the Folger Shakespeare Library, received a first Challenge Grant of \$750,000 in 1977 followed by a second grant of \$650,000 almost ten years later in 1986. The first grant went toward the cost of construction of the addition to the Folger Library which won a national design award and received recognition from a number of architectural critics as one of the finest additions to a library at that period. The second award was used to a) augment a program of endowed fellowships; b) create an endowment for acquisitions; and c) facilitate the renovation of all public exhibition spaces in the library.

As you know, Mr. Chairman, 1991 was a somewhat difficult year for NEH Challenge Grants with a nearly 20% reduction in the appropriation between FY-1991 and FY-1992 and a restructuring of the administration of the program at NEH that saw the reassignment of the Office of Challenge Grant professional staff to the Education, Public, and Research divisions. There has been concern in the humanities community that these changes represent a reduced commitment to the Challenge Grant concept among the NEH leaders and, perhaps, in Congress. I have received assurances on several

occasions from the NEH leaders that the changes at that end of the Avenue were intended to improve administrative efficiency and should not be interpreted as reduced enthusiasm for the Challenge Grant program in the form and with the purposes for which it has developed over the last fifteen years. These NEH assurances are most welcome -- I urge the subcommittee to go forward with the appropriation for next fiscal year at the \$16 million level requested.

A final and very important point on Challenge Grants -- After 15 years, the two Challenge Grants per institution limitation has had the effect of rendering ineligible a significant number of the major humanities institutions in the United States -- almost all of which are under financial stress. While we recognize that the NEH intent has been to make sure that the major institutions don't monopolize the available funds, and further that Congress has instructed NEH to distribute its funds broadly, it would seem that a more flexible scheme could be employed. For example, NEH could revise its policies so that no institution could receive more than two grants in any seven-year period. We urge the committee to suggest formally to NEH that it seek a resolution of this problem, to the end that what I've called infrastructural institutions not be barred from future challenge grant support.

ON THE NATIONAL INSTITUTIONS SUPPORTING SCHOLARSHIP

Now I will turn to a discussion of a subset of the community that receives assistance through the Challenge Grant program -- Free standing national organizations that support scholarship. Independent voluntary associations, many of them configured in loosely connected networks, make up a significant part of the infrastructure that supports scholarly work in the United States and that enhances the general quality of national life. The U.S. situation is unlike that of other countries in that we have different kinds of voluntary associations that developed over the years in response to the needs and interests of both individuals and groups (e.g., independent research libraries, museums, learned societies, historic societies, and national associations of these organizations). For leadership, voluntary associations depend on boards that have their own governance arrangements and their own rules and qualifications for membership; for funding, they depend on various sources, which, whether from the public or private sector, are likely to be irregular. Indeed, institutions largely or wholly dependent on income from modest or even substantial endowments, on grant funds for special projects, and on philanthropy are easily affected by inflation; they often experience periods when funds are insufficient to sustain their normal activities. Given the importance of these institutions to the nation's intellectual and cultural life and their financial vulnerability, we believe that the federal government may wish to consider ways to assist those institutions that serve national constituencies.

The 1988 decision to cut back support for the New York Public Library after 17 years of special NEH grants gave renewed focus to long-standing debate on whether there are circumstances in which federal support should be made readily available, on a competitive basis, for the operation of non-profit cultural institutions that are critical to the scholarly enterprise in America -- Institutions that through their collections and special programs nurture scholarship both by preserving and providing access to our national cultural heritage and by encouraging the creation of new knowledge to achieve "a better understanding of the past, a better analysis of the present, and a better view of the future." (National Foundation on the Arts and Humanities Act of 1965).

These national institutions include: Independent research libraries and historical societies with national collections such as the American Antiquarian Society, American Philosophical Society, John Carter Brown Library, Henry E. Huntington Library, Massachusetts Historical Society, The Newberry Library, and my own institution, the Folger Shakespeare Library; centers for advanced study such as the American Schools of Oriental Research and the National Humanities Center; and a few other

institutions that facilitate scholarly work such as the American Council of Learned Societies and the Social Science Research Council. (A handful of federal institutions such as the Library of Congress, the Smithsonian Institution, and the Woodrow Wilson International Center for Scholars support scholarship in parallel ways but they receive federal support through regular appropriations.)

At the present time, many of the institutions that form this infrastructure of scholarship do not have adequate income from endowments to sustain regular operations. The number of institutions that compose the infrastructural group are not numerous nor are they broadly distributed geographically. But, they constitute a critically important and irreplaceable base upon which American scholarship has become the most productive in the world.

These institutions (many of which participate in the regranting programs of the NEH) are increasingly dependent on raising funds from foundations and other institutions that for the most part grant funds tied to particular projects and often prohibited from providing long-term or sustaining support. What they most need, however, are not funds to innovate but simply funds to continue doing what they have been doing very well for years. (Over the years, NEH has very properly encouraged innovation. While this approach is correct overall, it has negative implications for addressing the problem discussed here. NEH's challenge grants may be used to support operations but, as noted above, eligibility is limited to two grants.)

We suggest that the federal interest in the health of these critically important institutions is so great that Congress should begin considering how to make available to institutions that serve national constituencies some kind of support for ongoing operations. For museums and historical organizations, Congress concluded more than a decade ago that federal support for operating expenses was needed and made funds available through the Institute of Museum Services. One way to address the problem for the institutions discussed here would be to establish a new line item at NEH to provide support for on-going functions that are important for the scholarly enterprise. Such a program would be competitive and peer reviewed. Perhaps, while located within NEH, the program could be modeled on that of the Institute of Museum Services. The independence and diversity of our cultural organizations, so highly valued by the American ethos would be preserved with proper design of the federal support. Since long before the establishment of the NEH, there have been those who argue that there is a national interest at stake in the health of these organizations. That view is nicely summarized in a 7/6/88 letter to the New York Times in which then-President of the Rockefeller Foundation Richard W. Lyman wrote, "Surely, its [NEH's] mandate as a Federal agency, is different from that of the big foundations. It has a responsibility for the overall health of the humanities in the United States that no private foundation has." In establishing NEH, Congress called for the new agency "to develop and promote a broadly conceived national policy of support for the humanities ...in the United States, for institutions which preserve the cultural heritage of the United States..." One can infer from this that Congress, while noting the centrality of local and private support for institutions also meant that a national policy of support is an on-going enterprise. NEH is not like a private foundation which address one set of issues for a few years a then turns to new priorities -- From the point of view of the field, NEH is the principal organization in the U.S. with on-going responsibility for the health of scholarly resources.

Finally, in closing, there are two other matters I would like to touch on:

- 1.** In 1991, this Subcommittee initiated a pilot program to award Dissertation Fellowship grants on a competitive basis. Although the NEH leadership did not fully share the field's enthusiasm for the new program, it has proceeded to plan and begin developing guidelines in a thoughtful manner. Unfortunately, in our view, the President's budget for FY-1993 seeks no additional funds for the program. I take this opportunity to assure you that there is great need and great demand

for these new grants which will be first awarded for September 1993. We believe that the new program will contribute importantly to humanities education and scholarship.

2. NEH's Humanities, Science, and Technology Program (HST) has, over the last ten years, fostered new initiatives that link humanistic concerns with those of the extraordinary scientific and technological enterprises of the modern period and throughout human history. The FY-1993 budget request discontinues the program as a separate line in the Division of Research Programs. A number of the NHA member organizations including the History of Science Society and the Society for the History of Technology have expressed concern. In a 27 March 1992 letter to NEH's Assistant chairman for Programs and Policy, Jerry Martin, HSS President Sally Gregory Kohlstedt wrote "There are also some very specific concerns that I would like to point out. The separate review panels used to evaluate HST proposals often bring a focused expertise to the review process that may well be lost in more generalized panels. Moreover, the HST review panelists have an overview of research in the field that helps to counter the inaccurate perception that HST is well-supported elsewhere. Clearly the funding of HST topics across the full spectrum of humanistic disciplines is quite different from that sponsored by the National Science Foundation and the National Library of Medicine." We request that the Committee seek continuation of the HST as a distinct program with a separate budget line.

Thank you, Mr. Chairman.