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Reauthorization: State Grant Formula (1990): Memorandum 03

Rex Arney

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NATIONAL ENDOWMENT FOR THE HUMANITIES



WASHINGTON, D.C. 20508

Office of the General Counsel

June 29, 1990

MEMORANDUM

TO: Sandy Crary
FROM: Rex Arney *RA*
SUBJECT: NEH State Program

Please find enclosed that information you requested for the distribution of funds for FY 1989 for State Programs. Sheet #1 shows all funds made available to the state humanities councils and committees in two categories - 44% and 22%. Also, a portion of the 34% discretionary category is shown on sheet #1. In addition, sheet #2 shows in the "Definite" column the remainder of the funds in the 34% category. Finally, sheet #3 shows the balance of funds awarded in the 34% discretionary, but which do not go directly to state councils. However, the awards shown on sheet #3 do benefit the various state councils.

By way of example, sheets #1 & 2 show that Rhode Island received the same \$200,000 grant that every other state received, plus:

44%	-	\$114,570
22%	-	12,130
34%	-	20,000 (Pop. Dist.)
		0 (Exemplaries)
		10,000 (Pub. Mtg.)
		0 (Merit Award)
		27,800 (Definite Funds)

Sheet #1 shows that the total awards in FY 1989 was \$25,000,000 which includes the total shown in the "Definite" column on sheet #2. In addition to the foregoing amount in FY 1989, \$4,000,000 in Treasury funds were awarded to the states of which Rhode Island received \$17,400.

I know that this is somewhat confusing, but I believe that the information you requested has been provided.

Please call if you have any questions.

to 53%

FY 1989 - \$25,000,00

to 25% 34%

*Note: Does not include matching.
attached chart.

State	\$200,000	44%	22%	Total (Base Grant)	Pop. Dist.	Exemplaries	Pub. Mtg.	Merit Awd.	Other	Total Definite Funds
Alabama	200,000	114,570	50,232	365,000	20,000		10,000			395,000
Alaska*	200,000	114,570	6,459	385,000	20,000		10,000			415,000
Arizona	200,000	114,570	41,657	356,000	20,000	158,319	10,000			544,319
Arkansas	200,000	114,570	29,379	344,000	20,000		10,000		5,000	379,000
California	200,000	114,570	340,327	655,000	112,097	24,985	10,000		97,497	899,579
Colorado	200,000	114,570	40,549	355,000	20,000		10,000			385,000
Connecticut	200,000	114,570	39,504	354,000	20,000	75,000	10,000	50,000	230,586	739,586
Delaware	200,000	114,570	7,923	322,000	20,000		10,000			352,000
D.C.	200,000	114,570	7,652	322,000	20,000		10,000			352,000
Florida	200,000	114,570	147,914	462,000	48,720		10,000		9,246	529,966
Georgia	200,000	114,570	76,547	391,000	27,101	8,000	10,000		9,817	445,918
Guam									30,000	30,000
Hawaii*	200,000	114,570	13,324	377,000	20,000		10,000			407,000
Idaho	200,000	114,570	12,278	327,000	20,000		10,000			357,000
Illinois	200,000	114,570	142,489	457,000	46,933		10,000			513,933
Indiana	200,000	114,570	68,046	383,000	22,413	175,000	10,000			590,413
Iowa	200,000	114,570	34,866	349,000	20,000		10,000			379,000
Kansas	200,000	114,570	30,461	345,000	20,000		10,000			375,000
Kentucky	200,000	114,570	45,852	360,000	20,000		10,000	50,000		440,000
Louisiana	200,000	114,570	54,882	369,000	20,000		10,000			399,000
Maine	200,000	114,570	14,603	329,000	20,000	25,000	10,000	50,000		434,000
Maryland	200,000	114,570	55,792	370,000	20,000		10,000			400,000
Massachusetts	200,000	114,570	72,032	387,000	23,726		10,000		6,936	427,662
Michigan	200,000	114,570	113,184	428,000	37,281		10,000			475,281
Minnesota	200,000	114,570	52,237	367,000	20,000		10,000			397,000
Mississippi	200,000	114,570	32,294	347,000	20,000	10,000	10,000			387,000
Missouri	200,000	114,570	62,780	377,000	20,679		10,000			407,679
Montana	200,000	114,570	9,953	325,000	20,000		10,000			355,000
Nebraska	200,000	114,570	19,610	334,000	20,000		10,000		1,000	365,000
Nevada	200,000	114,570	12,389	327,000	20,000		10,000			357,000
New Hampshire	200,000	114,570	13,004	328,000	20,000		10,000	50,000		408,000
New Jersey	200,000	114,570	94,386	409,000	31,089		10,000			450,089
New Mexico	200,000	114,570	18,454	333,000	20,000		10,000			363,000
New York	200,000	114,570	219,294	534,000	72,231	75,000	10,000		12,500	703,731
North Carolina	200,000	114,570	78,897	393,000	27,875		10,000			430,875
North Dakota	200,000	114,570	8,267	323,000	20,000	75,000	10,000			428,000
Ohio	200,000	114,570	132,671	447,000	45,587		10,000		8,708	511,295
Oklahoma	200,000	114,570	40,254	355,000	20,000		10,000	50,000	10,633	445,633
Oregon	200,000	114,570	33,512	348,000	20,000	74,696	10,000			452,696
Pennsylvania	200,000	114,570	146,844	461,000	48,368	10,000	10,000			529,368
Puerto Rico	200,000	114,570	40,230	355,000	20,000		10,000		19,166	404,166
Rhode Island	200,000	114,570	12,130	327,000	20,000		10,000			357,000
South Carolina	200,000	114,570	42,136	357,000	20,000		10,000			387,000
South Dakota	200,000	114,570	8,723	323,000	20,000		10,000			353,000
Tennessee	200,000	114,570	59,729	374,000	20,000		10,000			404,000
Texas	200,000	114,570	206,548	521,000	68,033		10,000			599,033
Utah	200,000	114,570	20,668	335,000	20,000		10,000			365,000
Vermont	200,000	114,570	6,742	321,000	20,000		10,000			351,000
Virgin Islands	200,000	0	1,329	201,000	20,000		10,000		201,000	432,000
Virginia	200,000	114,570	72,635	387,000	23,924	68,750	10,000	50,000		539,674
Washington	200,000	114,570	55,829	370,000	20,000		10,000			400,000
West Virginia	200,000	114,570	23,338	338,000	20,000		10,000			368,000
Wisconsin	200,000	114,570	59,139	374,000	20,000	10,000	10,000			414,000
Wyoming	200,000	114,570	6,028	321,000	20,000		10,000		26,788	377,788

Total: 10,600,000 5,957,640 3,036,000 19,704,000 1,416,057 789,750 530,000 300,000 668,877 23,408,684

* The base grants for Alaska and Hawaii have been adjusted at 20% and 15% respectively, for cost of living allowances.

NATIONAL ENDOWMENT FOR THE HUMANITIES

State Programs - Matching FY 1989

<u>Council</u>	<u>Definite*</u>	<u>Treasury</u>	<u>Total</u>
Alabama	\$49,715	\$34,885	\$84,600
Alaska	7,147	112,352	119,500
Arizona	33,117	32,083	65,200
Arkansas	62,785	71,315	134,100
California	132,854	145,346	278,200
Colorado	--	65,700	65,700
Connecticut	--	110,600	110,600
Delaware	--	31,300	31,300
D.C.	--	38,900	38,900
Florida	--	120,100	120,100
Georgia	84	90,716	90,800
Hawaii	23,000	--	23,000
Idaho	--	71,100	71,100
Illinois	207,067	233	207,300
Indiana	5,398	179,302	184,700
Iowa	10,691	52,309	63,000
Kansas	18,385	44,115	62,500
Kentucky	--	70,200	70,200
Louisiana	--	100,000	100,000
Maine	--	43,400	43,400
Maryland	11,460	136,640	148,100
Massachusetts	--	81,300	81,300
Michigan	49,436	60,364	109,800
Minnesota	--	118,100	118,100
Mississippi	24,643	10,357	35,000
Missouri	11,862	48,138	60,000
Montana	--	35,400	35,400
Nebraska	--	69,300	69,300
Nevada	--	53,800	53,800
New Hampshire	--	42,400	42,400
New Jersey	84,500	20,900	105,400
New Mexico	46,943	21,557	62,500
New York	24,621	250,079	274,700
North Carolina	--	86,400	86,400
North Dakota	45,756	52,844	98,600
Ohio	15,684	184,517	200,200
Oklahoma	45,039	63,261	108,300
Oregon	--	56,500	56,500
Pennsylvania	--	236,000	236,000
Rhode Island	27,900	17,400	45,300
South Carolina	38,800	30,000	68,800
South Dakota	61,100	--	61,000
Tennessee	79,700	--	79,700
Texas	--	255,400	255,400
Utah	1,540	54,860	56,400
Vermont	5,834	69,866	75,700
Virginia	--	202,800	202,800
Washington	43,159	163,641	206,800
West Virginia	--	73,500	73,500
Wisconsin	16,100	33,400	49,500
Wyoming	5,580	11,732	17,312
Puerto Rico	23,650	29,066	52,716
Virgin Islands	3,480	16,520	20,000
Total Humanities	\$1,211,028	\$4,000,000	\$5,211,028

* These definite funds are part of the National Funds

Allocation

#3

Portion of 34 Per Cent Not Directly Awarded to State Councils

Grants to Federation of State Humanities Councils \$ 65,000

\$35,000 To support a planning conference on the topic of "Public Programs in the Humanities Seeds of Change."

\$30,000 To support the preparation of three research reports to assist state humanities councils in their administration and program development activities and to explore the feasibility of an employee benefit plan.

Insurance (INA) \$ 6,275

To cover the cost of insurance policies held by NEH for state humanities councils.

Orientation Conference and Meetings (The Circle, Inc.) \$ 208,991

To provide planning, travel and logistical support for three regional orientation conferences each for new members of state councils and executive directors, and one conference for all state council chairmen in 1989.

Program Development (Gary H. Holthaus) \$ 75,220

To support program development activities and regrant projects in the western region of the country.

The Charles Frankel Prize \$ 25,000

Awards of \$5,000 each to five individuals who have made outstanding contributions to the public's understanding of texts, themes, and ideas of the humanities. The recipients are Patricia Bates, Daniel J. Boorstin, Willard L. Boyd, Clay S. Jenkinson, and Americo Paredes

TOTAL \$ 380,486

Discussion of Possible Policy Alternatives and the impact of these alternatives on the states

We have included a table to help discuss the impact of policy changes. The table looks at the following:

- A - the current statute with 20% reserved from program funds for the States;
- B - an alternative to the statute with 25% reserved from program funds for the States;
- C - an alternative that 40% of program funds would be reserved for the states but allotted by the state's share of total population
- D - an alternative that 40% of program funds would be reserved for the states but allotted equally.

These alternative are explained in greater detail on the following page.

Please note that the figures in the table will not necessarily coincide with the figures used by the National Endowment for the Arts. The numbers are used simply to illustrate how the formula works. We used the **Statistical Abstract, 1989** for population figures, and used a hypothetical amount of program funds of \$125,450,000 providing \$25,090,000 to the States if 20% were reserved for them.

In most instances an increase in the percentage of appropriations for program funds reserved for the States will increase the States shares equally according to statute. Currently the statute requires the \$200,000 minimum grant and the additional amount to go equally to the states, District of Columbia and Puerto Rico. Other Special jurisdictions (American Samoa, Guam, Northern Marianas, Virgin Islands) are also given minimum grants of \$200,000 each with a small amount from the Chairman's discretionary funds depending upon their population. It is a matter of the NEA's policy that they have chosen to restrict the Chairman's discretionary grants by requiring that half (12.5%) of his/her funds go to states on the basis of population. We have made the assumption that such a policy will continue or that such a restriction may be placed in statute.

If there was no Chairman's policy to distribute funds on the basis of population, then after the minimum \$200,000 grant was met for each state, every state would receive equal allotments up to the percentage limitation on funding. However, institution of the Chairman's policy to distribute a percentage of funds by population makes the grants slightly different for each state.

A-- A represents the statutory allotment to states whereby 20% (\$25,090,000) of program funds (\$125,450,000) are reserved for states and 75% of this amount is distributed in equal amounts after the \$200,000 minimum grant is met; and (12.5%) half of the Chairman's discretionary

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amount distributed by population. The state grants range from \$358,000 for Wyoming, \$359,000 for Vermont, \$360,000 for Delaware, \$362,000 for Montana, to \$709,000 for California, with states such as Pennsylvania in the middle range at \$505,000.

B--B represents an alternative that is basically the same as A except for the percentage of program funds. Alternative B provides 25% of the program funds (\$125,450,000) to be reserved for the States (\$31,362,500) and 75% of this amount is distributed equally after the \$200,000 minimum grant is met and half of the Chairman's discretionary amount (12.5%) is distributed by population. The state grants range from \$430,000 for Wyoming, \$431,000 for Vermont, \$432,000 for Delaware, \$435,000 for Montana, up to \$870,000 for California, with states like Ohio at \$595,000 and Pennsylvania at \$614,000 in the middle range.

Some of the smaller states actually gained substantial amounts because of the increase in the basic allotment provided equally to each state. On the other hand, because the overall amount from program funds increased, the Chairman's discretionary amount to be distributed on the basis of population also increased. Therefore, population was still an important factor. From the figures in alternative A to alternative B, Wyoming gained the smallest amount (\$72,000), Wisconsin gained \$85,000, Missouri gained \$86,000, whereas New York gained \$124,000 and California gained \$161,000.

C--C represents an alternative that would allocate 40% (\$50,180,000) of the program funds to states based solely on population after the \$200,000 minimum grant is met. This alternative would skew the current law dramatically in favor of those states with high resident population. For example, Vermont's current grant would be reduced to \$286,000, Montana's current grant would be reduced to \$325,000, whereas California's grant would increase substantially to \$4,495,000. A state that would appear in the middle range of grants would be Pennsylvania with \$2,051,000.

D--D represents an alternative that is basically the same as A except for the percentage of program funds used. In alternative D, 40% (\$50,180,000) of the program funds (\$125,450,000) would be allotted to states and 75% of this amount is distributed equally after the \$200,000 minimum grant is met; and half of the Chairman's discretionary amount (12.5%) is distributed by population. The state grants would range from \$517,000 for Wyoming, \$526,000 for Montana, up to \$964 for New York, and \$1,219,000 for California. Illinois is at an approximate middle range with \$803,000.

Some of the smaller states actually gain substantial amounts because of the increase in the basic allotment provided equally to each state. On the other hand, because the overall amount from program funds increased, the Chairman's discretionary amount to be distributed on the basis of population also increased. Therefore, population was still an important factor.

In conclusion, Any increase in the percentage of program funds provided to states (25% or 40%) will increase each state's allotment. The factor that

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causes the differences in amounts is the Chairman's discretionary amount (the 12.5%) set aside for states to be distributed by population. This is **not** part of the statute but is the NEA's **policy**. The committee may choose to alter the statute by placing this provision in as a permanent clause. On the other hand the committee may choose to eliminate the Chairman's discretionary amount totally, or to eliminate the use of the discretionary amount to be distributed by population. If the statute eliminates the use of the Chairman's discretionary funds to be distributed by population, then each grant to the states will be equal. Therefore, if the percentage of program funds provided to the states increases, then each state's allotment will increase **equally**.

**Allotment for States Under the National Endowment for the Arts:
Current Statute and Alternatives
(in thousands)**

State	Population	Percentage of the population	Current statute amounts with 12.5 percent distrib. by pop. reserve 20/80 A	Reserve 25/75 for States B	Reserve 40/60 for States remove chair. discretion base all pop. C	Reserve 40/60 for States D
Alabama	4,083	1.68	405	488	835	610
Alaska	525	0.22	359	431	283	519
Arizona	3,386	1.39	399	478	725	592
Arkansas	2,388	0.98	383	460	570	566
California	27,633	11.37	709	870	4,495	1,218
Colorado	3,296	1.35	394	475	710	590
Connecticut	3,211	1.32	393	474	699	587
Delaware	644	0.26	360	432	298	521
District of Columbia	622	0.26	360	432	298	521
Florida	12,023	4.94	507	615	2,066	814
Georgia	6,222	2.56	432	522	1,167	665
Hawaii	1,083	0.44	366	439	366	532
Idaho	998	0.41	365	438	355	531
Illinois	11,582	4.76	501	608	1,998	803
Indiana	5,531	2.27	423	511	1,057	647
Iowa	2,834	1.16	388	455	638	579
Kansas	2,476	1.02	384	462	585	569
Kentucky	3,727	1.53	400	482	778	601
Louisiana	4,461	1.83	409	494	891	620
Maine	1,187	0.49	367	441	385	536
Maryland	4,535	1.86	410	495	903	622
Massachusetts	5,855	2.41	427	516	1,110	656
Michigan	9,200	3.78	471	570	1,628	742
Minnesota	4,246	1.74	406	490	857	614
Mississippi	2,625	1.08	386	464	608	573
Missouri	5,103	2.10	418	504	993	636

**Allotment for States Under the National Endowment for the Arts:
Current Statute and Alternatives
(in thousands)**

State	Population	Percentage of the population	Current statute amounts with 12.5 percent distrib. by pop. reserve 20/80	Reserve 25/75 for States	Reserve 40/60 for States remove chair discretion base all pop.	Reserve 40/60 for States
Nebraska	1,594	0.65	372	467	446	546
Nevada	1,007	0.41	365	438	446	531
New Hampshire	1,057	0.43	365	439	362	532
New Jersey	7,672	3.15	451	545	1,390	703
New Mexico	1,500	0.62	371	446	434	544
New York	17,825	7.32	582	708	2,965	964
North Carolina	6,413	2.63	434	525	1,193	670
North Dakota	672	0.28	361	433	306	523
Ohio	10,784	4.43	491	595	1,874	783
Oklahoma	3,272	1.34	394	475	706	589
Oregon	2,724	1.12	387	466	623	575
Pennsylvania	11,936	4.90	505	614	2,051	812
Rhode Island	986	0.41	365	438	355	531
South Carolina	3,425	1.41	396	477	733	593
South Dakota	709	0.29	361	433	310	523
Tennessee	4,855	1.99	414	500	951	629
Texas	16,789	6.90	568	692	2,807	937
Utah	1,680	0.69	374	449	461	549
Vermont	548	0.23	359	431	287	519
Virginia	5,904	2.43	428	517	1,118	520
Washington	4,538	1.86	410	495	902	622
West Virginia	1,897	0.78	376	453	495	553
Wisconsin	4,807	1.97	413	499	944	628
Wyoming	490	0.20	358	430	276	354 517
U.S. Total	243,400	100.00				

NOTE: This table does not give the grant amounts for Puerto Rico, Guam, American Samoa, Northern Marianas, and Virgin Islands, each of which would receive a \$200,000 minimum grant plus a portion of the Chairman's discretionary amount.

MAY-15-90 TUE 9:23 EPM-ECON

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**Allotment for States Under the National Endowment for the Arts:
Current Statute and Alternatives
(in thousands)**

State	Population	Percentage of the population	Current statute amounts with 12.5 percent distrib. by pop. reserve 20/80 A	Reserve 25/75 for States B	Reserve 40/60 for States remove chair. discretion base all pop. C	Reserve 40/60 for States D
Alabama	4,083	1.68	406	488	835	610
Alaska	525	0.22	359	431	289	519
Arizona	3,386	1.39	399	478	725	592
Arkansas	2,388	0.98	388	460	570	566
California	27,633	11.37	709	870	4,495	1,218
Colorado	3,296	1.35	394	475	710	590
Connecticut	3,211	1.32	393	474	699	587
Delaware	644	0.26	360	432	298	521
District of Columbia	622	0.26	360	432	298	521
Florida	12,023	4.94	507	615	2,066	814
Georgia	6,272	2.56	432	522	1,167	665
Hawaii	1,083	0.44	366	439	366	532
Idaho	998	0.41	365	438	355	531
Illinois	11,582	4.76	501	608	1,998	803
Indiana	5,531	2.27	423	511	1,057	647
Iowa	2,834	1.16	388	455	638	579
Kansas	2,476	1.02	384	462	585	569
Kentucky	3,727	1.53	400	482	778	601
Louisiana	4,461	1.83	409	494	891	620
Maine	1,187	0.49	367	441	385	536
Maryland	4,535	1.86	410	495	903	622
Massachusetts	5,855	2.41	427	516	1,110	656
Michigan	9,200	3.78	471	570	1,628	742
Minnesota	4,246	1.74	406	490	857	614
Mississippi	2,625	1.08	386	464	608	573
Missouri	5,103	2.10	413	504	993	636

**Allotment for States Under the National Endowment for the Arts:
Current Statute and Alternatives
(in thousands)**

State	Population	Percentage of the population	Current statute amounts with 12.5 percent distrib. by pop. reserve 20/80	Reserve 25/75 for States	Reserve 40/60 for States remove chair discretion base all pop.	Reserve 40/60 for States
Nebraska	1,594	0.65	372	467	446	546
Nevada	1,007	0.41	365	438	446	531
New Hampshire	1,057	0.43	365	439	362	532
New Jersey	7,672	3.15	451	545	1,390	703
New Mexico	1,500	0.62	371	416	434	544
New York	17,825	7.82	582	709	2,965	964
North Carolina	6,413	2.63	434	525	1,193	670
North Dakota	672	0.28	361	433	306	528
Ohio	10,784	4.43	491	595	1,874	783
Oklahoma	3,272	1.34	394	475	706	589
Oregon	2,724	1.12	387	466	623	575
Pennsylvania	11,936	4.90	505	614	2,051	812
Rhode Island	986	0.41	365	438	355	581
South Carolina	3,425	1.41	296	477	738	593
South Dakota	709	0.29	361	433	310	523
Tennessee	4,855	1.99	414	500	951	629
Texas	16,789	6.90	568	692	2,807	937
Utah	1,680	0.69	374	440	461	549
Vermont	548	0.23	359	431	287	519
Virginia	5,904	2.43	423	517	1,118	520
Washington	4,538	1.86	410	495	902	622
West Virginia	1,897	0.78	378	453	495	553
Wisconsin	4,607	1.97	414	499	944	628
Wyoming	490	0.20	355	430	276	517
U.S. Total	243,400	100.00				

NOTE: This table does not give the grant amounts for Puerto Rico, Guam, American Samoa, Northern Marianas, and Virgin Islands, each of which would receive a \$200,000 minimum grant plus a portion of the Chairman's discretionary amount.