

UPDATED MAY 27, 2010

National Endowment for the Arts
Agency-wide Implementation Plan for the American Recovery and Reinvestment Act of 2009

In accordance with Section 2.7 of the Office of Management and Budget's Initial Implementation Guidance for the American Recovery and Reinvestment Act of 2009 (M-09-10), the National Endowment for the Arts (NEA) implementation plan is as follows:

1. Appropriations

\$50 million appropriated to the NEA:

To be distributed in direct grants to fund arts projects and activities which preserve jobs in the non-profit arts sector threatened by declines in philanthropic and other support during the current economic downturn.

2. Allocation of Funds

The Act provides:

That the amount set aside from this appropriation pursuant to section 1106 of this Act shall be not more than 5 percent instead of the percentage specified in such section.

The NEA anticipates using approximately \$500,000 [*May 2010 UPDATE: \$125,000*] of the funds for administrative and program support purposes such as costs associated with panels and travel, and temporary staffing.

After deducting administrative and program support costs, 60 percent of the remaining funds will be available for competitively selected grants to non-profit arts organizations and 40 percent available to be distributed to the State arts agencies and regional arts organizations – who, when subgranting, will distribute funds through competitive and qualitative reviews. For purposes of the Act, the funds made available to the State arts agencies and regional arts organizations are not considered to be formula funds.

Specifically, the Act requires:

Provided, That 40 percent of such funds shall be distributed to State arts agencies and regional arts organizations in a manner similar to the agency's current practice and 60 percent of such funds shall be for competitively selected arts projects and activities according to sections 2 and 5(c) of the National Foundation on the Arts and Humanities Act of 1965 ...

3. Use of Funds

Consistent with the language in the Act, eligible projects will generally be limited to salary support and fees for artists or contracted personnel. This will apply to all applicants for support under the Act.

The guideline language to be conveyed to applicants identifies the following eligible projects:

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- Salary support, full or partial, for one or more positions that are critical to an organization's artistic mission and that are in jeopardy or have been eliminated as a result of the current economic climate.
- Fees for previously-engaged artists and/or contractual personnel to maintain or expand the period during which such persons would be engaged.

For organizations eligible to subgrant, funds may also be used to cover the cost of implementing the subgranting program.

When submitting their request, organizations may seek support for a single position, multiple positions, a single contractor, multiple contractual personnel, or any combination therein.

4. Eligible Organizations

In recognition of the funding level available, the importance of ensuring that recipients of funds are high-performing organizations (as noted in the Act implementation guidance provided by the Office of Management and Budget), the need to provide funding in a timely manner, and the capacity of the NEA and its staff, eligible organizations will be limited to those who previously received a grant from the NEA starting with fiscal year 2006 and through those approved for 2009 and considered at the NEA's October 2008 meeting of the National Council on the Arts. We estimate that 3,400 individual organizations will be eligible under this program, covering all the disciplines routinely supported by the NEA and every Congressional district.

We should also point out that the NEA program established pursuant to the Act provides organizations with four avenues to seek support: directly from the NEA, or through a State arts agency, a regional arts organization, or a designated governmental local arts agency (see national coverage below). Thus, failing to be eligible to receive funds directly from the NEA does not preclude an organization from receiving funds through a subgrant awarded by a State arts agency, a regional arts organization, or a designated local arts agency.

5. National Coverage

To ensure the broadest possible reach, four avenues of support will be available to arts organizations. That is, organizations could apply directly to the NEA, or their State arts agency; their regional organization; or their designated governmental local arts agency.

6. Number of Applications

Organizations will be advised that they may receive funding under the Act from one source only; that is, they could get funds directly from the NEA, or through the State arts agency, or the regional arts organization, or their designated governmental local arts agency. *[May 2010 UPDATE: Approximately 2,400 applications were received.]*

7. Grant Amounts

With the 60 percent available for competitive grants, organizations can apply for a grant of \$25,000 or \$50,000. For the designated governmental local arts agencies eligible to subgrant, requests of \$100,000 or \$250,000 are permitted provided the project involves subgranting.

With the 40 percent available for State arts agencies and regional arts organizations, the amounts allocated to each will be determined using current processes as our guide, and will be based on equal shares (as stated in the NEA's authorizing legislation) and population. In making these determinations, the NEA will rely upon criteria used to make the fiscal year 2008 partnership awards to the States and regions – given that this is the most recent year for which a full appropriation exists.

As a practical matter, each State arts agency under the Act will receive on average, 53 percent of their 2008 basic state plan allocation and each regional arts organization will receive 39 percent of their 2008 allocation.

[May 2010 UPDATE: Lists of grants awarded can be found at www.arts.gov/recovery/nea-recovery-act-grants.html]

8. Matching Requirements

Consistent with the Act, all NEA awards made with funds from the Act will be made on a non-matching basis; this includes those under the 60 percent and 40 percent processes.

9. Award Process

To implement the Act, the NEA intends to use processes consistent with those used to make awards under annual appropriations. More specifically, we intend to accomplish the following:

- Develop and issue guidelines,
- Rely upon Grants.gov for application submission,
- Utilize panels of citizen experts to review applications,
- Present recommended applications to the National Council on the Arts for their review and approval,
- Receive final decisions from the NEA Chairman, or Acting Chairman, as applicable,
- Develop any special award and reporting requirements consistent with the Act and OMB guidance,
- Make awards,
- Receive and review interim reports,
- Make payments,
- Receive and review final reports and closeout the grants.

To the extent practical, the NEA will rely upon electronic processes to consider applications and make awards.

10. Reporting Requirements

The NEA awaits additional guidance from OMB concerning specific grant terms as well as reporting requirements. Current materials for applicants make clear that these will be

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made available once known and finalized. In the interim, we are making plans to accommodate the required periodic reporting from grantees and to the designated Web sites, including those required by the Congress. *[May 2010 UPDATE: We have provided all applicable guidance to grantees and have enforced all applicable reporting requirements, including adjustments made by the RATB.]*

11. Timing *[May 2010 UPDATE]*

This ambitious program required an equally ambitious timeline in order to ensure that funds were available as soon as possible. For the 40 percent funds, applications were taken to the March meeting of the National Council on the Arts for review and approval. For the 60 percent funds, applications went to the June meeting of the National Council on the Arts. Meeting these timelines required the issuance of NEA application guidelines in early March 2009.

12. NEA Web site

The NEA has created [the links](#) required under the OMB guidance to implement the Act. This will ensure the availability of current information for applicants, grantees, and the American people.

13. NEA Monitoring, Oversight and Reporting

The NEA Acting Chairman has designated Robert Frankel, NEA Acting Deputy Chairman for Grants and Awards, and Larry Baden, NEA Deputy Chairman for Management and Budget, as the co-leads and designated agency officials for this program. *[May 2010 UPDATE: Due to personnel changes, Mr. Frankel no longer serves as co-lead].* In addition, the following has occurred:

- An agency-wide matrix was created to track actions necessary to implement the Act.
- An intra-agency work group was created to assist with the application processing, grant award, monitoring, and payment components of the program.
- A weekly meeting of agency staff involved with the management and implementation of the program – including the senior management team – was held to review the progress and performance of the program, to identify areas of concern, and to determine corrective actions.
- The senior management team often met daily to ensure ongoing oversight and timely management of the program.
- At least one of the senior accountable officials met regularly with the Acting Chairman, and weekly with the Acting Inspector General.
- A new position was allocated to the NEA Office of Inspector General so that they could recruit for an employee to focus on the NEA and grantee implementation of the Act.

14. Status – *as of May 27, 2010*

Our application guidelines, after being approved by OMB, were made available to the public on Monday, March 2, 2009, *with application deadlines of March 13 for the State Arts Agencies and Regional Arts Organizations, and April 2 for nonprofit organizations and local arts agencies. We received approximately 2,400 applications, and awarded 699 grants as follows:*

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- *636 grants to nonprofit organizations and local arts agencies, totaling \$29.9 million.*
 - *Awards averaged \$47,052, with a median of \$50,000, and ranged from \$25,000 to \$250,000; 19 grants (to local arts agencies) were greater than \$50,000.*
- *63 grants to State and regional arts organizations, totaling \$19.9 million.*
 - *Awards averaged \$316,667, with a median of \$310,500, and ranged from \$25,000 to \$628,800, with 90% less than \$421,820.*

As of May 21, 2010, we have obligated \$49,934,973 and paid out \$36,138,994.

National Endowment for the Arts

Program-Specific Plan in Response to the American Recovery and Reinvestment Act of 2009, P.L. 111-5 ("Recovery Act")

In accordance with Section 2.8 of the Office of Management and Budget's April 3, 2009 Implementing Guidance for the American Recovery and Reinvestment Act of 2009, the National Endowment for the Arts (NEA) Program-Specific Recovery Act plan is as follows:

a. Funding

The National Endowment for the Arts received an appropriation of \$50 million under a single, new Treasury Account Number (59-0910-0102).

| Treasury Account Symbol: Agency Code | Treasury Account Symbol: Account Code | Account Title | Total Appropriation |
|---|--|--|---------------------|
| 59 | 0102 | National Endowment for the Arts: Grants and Administration, Recovery Act | \$50,000,000 |

Of these funds, the NEA anticipates using no more than \$500,000 (1%) *[May 2010 UPDATE: \$125,000]* for administrative and program support purposes such as costs associated with panels and travel, contractual support associated with our Information Technology operations, and staffing.

The remaining funds will be divided as required by the Recovery Act in a manner similar to current NEA practice:

- 60 percent for grants awarded directly by the NEA, on a competitive basis, to non-profit arts and related organizations.
- 40 percent to State arts agencies and regional arts organizations for subgranting through competitive and qualitative review

The NEA's Financial and Activity Reports, which are accessible in the "Recovery" section of the NEA's Web site at www.nea.gov/recovery, track Total Obligations and Gross Outlays.

b. Objective

The objective of Arts Endowment Recovery Act funding is **to preserve jobs in the nonprofit arts sector.**

This objective is consistent with the goals and objectives of the Arts Endowment's ongoing Agency programs and activities as outlined in the Agency's Strategic Plan. In the case of direct NEA grants (the 60%), the Agency's strategic goal #1 is Access to Artistic Excellence. One of the outcomes that contribute to this goal is: *Organizations enhance their ability to realize their artistic and public service goals.* Preserving jobs in the arts will directly impact an organization's stability and capability, thereby enhancing its ability to realize its artistic and public service goals.

In the case of grants to the State arts agencies (SAAs) and regional arts organizations (RAOs) for subgranting (the 40%), the Agency's strategic goal #3 is Partnerships for the Arts. One of the outcomes that contribute to this goal is: *Activities supported through partnerships with State arts agencies and regional arts organizations make the arts and arts education widely available.* By carrying out their own subgranting programs aimed at preserving jobs in the arts, the State arts agencies and regional arts organizations are enhancing the capacity of nonprofit arts groups throughout their respective States and regions to carry out their own arts programming and make the arts and arts education widely available.

Job preservation in the nonprofit arts sector benefits the individuals receiving salary or fee support and their employing organizations. As these organizations maintain their ability to provide valued services, the communities in which they are located ultimately benefit as well. As a recent study released by the National Governors Association, titled *Arts & the Economy: Using Arts and Culture to Stimulate State Economic Development*, states: "Arts and culture are important to State economies. Arts and culture-related industries, also known as 'creative industries,' provide direct economic benefits to States and communities: They create jobs, attract investments, generate tax revenues, and stimulate local economies through tourism and consumer purchases."

An organization is limited to receiving NEA Recovery Act funds through only one of the following sources: the Arts Endowment, a State arts agency, a regional arts organization, or a local arts agency that is eligible to subgrant funds. In addition, in line with OMB guidance, the NEA is mitigating risk and maximizing cost-effectiveness by limiting its applicants to previous grantees. These organizations have been vetted through the NEA's rigorous review system and have the demonstrated ability to deliver the results and accountability objectives of the Recovery Act.

c. Activities

The Arts Endowment will use Recovery Act funds for grant making to nonprofit, tax-exempt 501(c)(3) U.S. organizations; units of State or local government; and federally-

recognized tribal communities or tribes for the preservation of jobs in the nonprofit arts sector.

d. Characteristics

For the 60 percent (approximately \$30 million) available for competitive grants:

The Arts Endowment will competitively award one-time, non-matching grants of \$25,000 or \$50,000 to nonprofit arts and related organizations. It will also award one-time, non-matching grants of \$100,000 or \$250,000 to designated governmental local arts agencies, eligible to subgrant, for their subgranting programs. In order to be eligible, an organization must have received an NEA grant within the previous four years. Eligible projects are limited to the following:

- Salary support (including fringe benefits), full or partial, for one or more positions that are critical to an organization's artistic mission and that are in jeopardy or have been eliminated as a result of the current economic climate.
- Fees for previously engaged artists and/or other contractual personnel to maintain or expand the period during which such persons would be engaged.

Applicant organizations may seek support for a single position, multiple positions, a single contractor, multiple contractual personnel, or any combination thereof. For organizations eligible to subgrant, a portion of the funds may also be used to cover the costs of implementing the subgranting program.

The direct beneficiaries of these grants will be the individuals receiving salary or fee support and the organizations and agencies that employ them. As these grantee institutions exist to serve the public, the communities involved will ultimately benefit by having a more robust arts environment that in turn contributes positively to local economies.

[May 2010 UPDATE: We awarded 636 grants totaling \$29.9 million.]

For the 40 percent (approximately \$20 million) available for State arts agencies and regional arts organizations:

The Arts Endowment will award one-time, non-matching grants ranging from \$25,000 to approximately \$500,000 to the 56 State and jurisdictional arts agencies. In addition, the Agency will award one-time, non-matching grants ranging from approximately \$385,000 to \$590,000 to the six regional arts organizations of the State arts agencies. Grant amounts were determined using current Partnership award processes that factor in both equal shares (as called for in the NEA's authorizing legislation) and population.

Funds to the SAAs and RAOs must be used for subgranting to eligible nonprofit organizations in their State or region. These special, one-time, non-matching subgrants must be used for salary support or fees for artists or other contractual personnel

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consistent with the requirements detailed in the bullets for the 60 percent for competitive grants above. SAAs and RAOs may use up to \$50,000 of the NEA grant funds for their own positions and/or for the administration of the subgranting program.

Here, again, the direct beneficiaries will be the individuals receiving salary or fee support, their employing organizations, and the SAAs and RAOs that were able to develop and implement subgranting programs as a result of the NEA Recovery Act assistance. The communities where the subgrantee organizations are located will ultimately benefit as well, in a manner similar to that noted for competitive grants above.

[May 2010 UPDATE: We awarded 63 grants totaling \$19.9 million.]

Methodology for Award Selection

For Recovery Act awards, the Arts Endowment is using processes consistent with those used to determine award recipients under its annual appropriations.

- Development and posting of guidelines on Grants.gov and on the NEA's Web site.
- Submission of applications through Grants.gov.
- Review of applications by panels of citizen experts.
- Presentation of recommended applications to the National Council on the Arts for review and approval.
- Final decision on applications by the NEA Chairman, or Acting Chairman, as applicable.

e. Delivery Schedule

For the 60 percent available for competitive grants:

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|---|--|
| Program development | February/March 2009 |
| Guidelines posted | March 2, 2009 |
| Application deadline | April 2, 2009 |
| Application review | April/May 2009 |
| National Council on the Arts review and approval | June 26, 2009 |
| Final decision by NEA Chairman or Acting Chairman | June 26, 2009 |
| Grants awarded | July - September, 2009 |
| Earliest project start date | July 1, 2009 |
| Grantees' project periods | Generally, up to one year |
| Quarterly reporting by grantees | No later than 10 days after the end of each calendar quarter Recovery Act funding is received <i>[May 2010 UPDATE: We have complied with reporting schedule adjustments mandated by the RATB.]</i> |
| Final Federal Financial reporting by grantees | No later than 90 days after project end date |

For the 40 percent available for State arts agencies and regional arts organizations:

| | |
|--|--|
| Program development | February/March 2009 |
| Guidelines posted | March 2, 2009 |
| Application deadline | March 13, 2009 |
| Application review | March 25, 2009 |
| National Council on the Arts review and approval | March 27, 2009 |
| Final decision by NEA Acting Chairman | March 27, 2009 |
| Grants awarded | April - May, 2009 |
| Earliest project start date | April 1, 2009 |
| SAA/RAO's project periods | Generally, up to two years |
| Quarterly reporting by awardees | No later than 10 days after the end of each calendar quarter Recovery Act funding is received <i>[May 2010 UPDATE: We have complied with reporting schedule adjustments mandated by the RATB.]</i> |
| Final Federal Financial reporting by awardees | No later than 90 days after project end date |

f. Environmental Review Compliance

All NEA awardees under the Recovery Act are subject to the *NEA's General Terms and Conditions*. That document's section on "National Policy and Other Legal Requirements, Statutes, and Regulations that Govern Your Award" includes information on the National Environmental Policy Act (NEPA) of 1969, the National Historic Preservation Act of 1966, and related statutes.

The NEA is preparing its NEPA procedures that will apply to its Recovery Act funds. Based on the types of projects that the NEA will be funding, the Agency expects that all Recovery Act grants will be categorically excluded and that environmental studies will not be required. *[May 2010 UPDATE: All grants were categorically excluded.]*

g. Measures

The Arts Endowment will measure jobs preserved (both salaried and contractual positions) in the nonprofit arts sector in accordance with Section 1512 of the Recovery Act and related OMB guidance. The Arts Endowment will collect the information from the quarterly reports and Final Federal Financial Reports submitted by grantees. Quarterly reports are due no later than 10 calendar days after the end of each calendar quarter during which Recovery Act funding is received during the grant period. Final Federal Financial Reports are due no later than 90 days following the end date of the

grant period. For competitive grants, grant periods can start on or after July 1, 2009 and last up to one year. For SAAs and RAOs, grant periods can start on or after April 1, 2009 and run up to two years.

Grantees will use OMB's designated format and standard data elements to provide the required information electronically through a central Government-wide portal.

In the case of grants awarded to State arts agencies, regional arts organizations, and eligible governmental local arts agencies for subgranting programs, potential NEA awardees were alerted that they might be required to collect data from their own subgrantees, as well as to report on job preservation within their own organization, where relevant.

[May 2010 UPDATE: We have complied with reporting schedule adjustments mandated by the RATB; data are available on Recovery.gov.]

h. Monitoring/Evaluation

The Arts Endowment provides regular monitoring of all of its grants, including those that will be awarded using Recovery Act funds. Each grantee is required to submit a Progress Report at the point that its request for payment exceeds two-thirds of the total grant amount. Organizations receiving funds for salary support are asked to maintain time and effort reports where each affected employee keeps track on a regular basis (at least monthly) of the percentage of their time expended on an NEA grant. Grantees also are required to maintain copies of all contracts and related documents that they execute in connection with an NEA grant.

As required by OMB, all Recovery Act grantees will provide quarterly reports to a central Government-wide portal no later than 10 calendar days after the end of each calendar quarter during which Recovery Act funding is received. In addition, all grantees are required to submit a Final Federal Financial Report no later than 90 days following the end of the grant period.

With appropriate access, the NEA will monitor the above reports to assure that projects are being carried out in accordance with the purposes of the Recovery Act and in compliance with the *NEA's General Terms and Conditions*. Through this monitoring, the NEA will be able to identify any cases of risk, and will work with grantees to rectify problematic situations. However, as eligible applicants were limited to previous grantees that have been vetted through the NEA's rigorous review system and have demonstrated the ability to manage Federal funds appropriately, the Arts Endowment anticipates that the risk of low performance against the program objectives will be minimal.

In addition, the NEA's Office of Inspector General will be conducting random samplings of Recovery Act grantees. The Inspector General will examine compliance with

applicable requirements at the pre-award stage, during the grant period, and after the period of support has ended.

The NEA does not currently have any specific plans for longer-term impact evaluation.

[May 2010 UPDATE: Monitoring and evaluation have proceeded as planned, and we have complied with reporting schedule adjustments mandated by the RATB.]

i. Transparency

The Arts Endowment intends to make both programmatic and financial information on its grant awards and on the jobs preserved fully available to the public. Interested parties should regularly check the "Recovery" section of the NEA Web site for the most up to date information on all aspects of the NEA's Recovery Act program. Weekly reports that track Recovery Act obligations and disbursements, as well as major Agency actions taken in support of the Recovery Act program, appear regularly. As Recovery Act grants are obligated, [grant listings](#) appear there as well. The NEA will also provide Recovery Act funding information for the USASpending.gov and Recovery.gov sites.

Finally, the quarterly reports that are required of all Recovery Act grantees will be provided electronically to a central Government-wide portal and made available to the public on Recovery.gov. *[May 2010 UPDATE: Proceeding as planned.]*

j. Accountability

The NEA Acting Chairman has designated Robert Frankel, NEA Acting Deputy Chairman for Grants & Awards, and Larry Baden, NEA Deputy Chairman for Management & Budget, as the co-leads and designated Agency officials for this program. *[May 2010 UPDATE: Due to personnel changes, Mr. Frankel no longer serves as co-lead.]* In addition, the following has occurred:

- Designated senior staff consults regularly to track actions required to implement the Recovery Act and to assign responsibilities.
- Weekly meetings of key affected Agency staff were held to provide for regular updates on the status of plans and actions.
- An intra-Agency work group was established to assist with the application processing and grant award, monitoring, and payment components of the program.
- A new part-time, temporary position was allocated to, and filled by, the Grants & Contracts Office for an individual to work exclusively on Recovery Act grants.
- A new position was allocated to the NEA Office of Inspector General to enable the Agency to recruit for an employee to focus on the NEA and grantee implementation of the Recovery Act.

- Weekly meetings were held with the Inspector General to advise on progress and respond to any questions.

k. Barriers to Effective Implementation

The Arts Endowment does not anticipate that any statutory or regulatory requirements will impede effective implementation of its Recovery Act activities. Our current Agency personnel have the skills required to implement NEA Recovery Act activities. Because of added demands, however, the NEA may need to engage some additional temporary staff or contractual help, especially in the area of Information Technology. *[May 2010 UPDATE: Most of the demands have been met by existing staff; we added just one position – a part-time, temporary Grants Specialist.]*

l. Federal Infrastructure Investments

Due to the limited and focused nature of the Arts Endowment's Recovery Act grants, compliance with energy efficiency and green building requirements is not applicable.