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Mr. Kennedy, from the Committee on Labor and Human Resources, submitted the following

REPORT
(to accompany S. 1218)

The Committee on Labor and Human Resources, to which was referred the bill (S. 1218) to amend the National Foundation on the Arts and Humanities Act of 1965 to extend the authorization of appropriations for fiscal years 1994 and 1995, having considered the same, reports favorably thereon with an amendment and recommends that the bill, as amended, do pass.

FINDINGS

The Committee finds that the agencies authorized under the National Foundation on the Arts and Humanities Act have contributed in a significant way to the cultural well-being of our nation. As a direct result of the programs of the National Endowment for the Arts, National Endowment for the Humanities and the Institute of Museum Services, the quality of life has been improved for all Americans.

The number of arts organizations has increased; the quality of their offerings has improved; and the audience for artistic and cultural presentations has also dramatically expanded. By any reasonable standard, these agencies have made a positive difference in the lives of millions of Americans.

As a result of the 1990 legislation reauthorizing the Endowments, new guidelines were adopted to ensure that the most careful scrutiny is applied to the grant-making process. The 1990 Act has been effective in addressing the concerns raised during that reauthorization process. The Endowment is specifically precluded from funding work that is found to be obscene, and provisions are included in the statute for repayment of grant funds that are found to have been misused for these purposes.

Additional new initiatives also adopted at that time to ensure that the arts reach beyond convenient or conventional audiences have had a measurable impact. Access to and participation in the arts in traditionally underserved areas has improved.

The Committee finds that there is inadequate information regarding the impact of the increase in the direct grant program to the states, adopted in the 1990 reauthorization. Therefore,
this legislation restricts prospective increases in the direct grant to a state if that state precipitously reduces its own funding for the arts, beyond proportionate cuts in other non-mandated programs. The legislation requires the Arts Endowment to conduct a study on state compliance with this provision and invites Endowment recommendations regarding the direct grants-in-aid program for the states.

This provision applying limitations on funding to the states is the only change in the existing statute suggested in this legislation. It was included in a Committee substitute amendment offered by the Chairman, Senator Kennedy, and adopted by voice vote.

It is the consensus of the Committee that any substantive change in the statute should be deferred until the Committee has had the opportunity to consult with the new Chairmen of the Arts Endowment and Humanities Endowment and the Director of the Institute of Museum Services. The Committee looks forward to working with the new leadership at these agencies and expects that oversight of the agencies will be conducted in a timely and thorough manner.

The Committee believes that current authorization should be extended for a period of two years to permit this oversight process to take place.

It was correctly pointed out during the fiscal year 1994 appropriations debate on these agencies that nearly all of the problems identified with these agencies, and the Arts Endowment in particular, occurred before enactment of the 1990 Reauthorization of the National Foundation on the Arts and Humanities.

The Committee acknowledges the tremendous success that these agencies have achieved and looks forward to working with the Administration to establish a course for their continued leadership role in our national cultural life in the years ahead.

PURPOSE

It is the purpose of S. 1218 to modify the existing National Foundation on the Arts and Humanities Act to provide for an extension of authorizations for the National Endowment for the Arts (NEA), the National Endowment for the Humanities (NEH) and the Institute of Museum Services (IMS) for two fiscal years through fiscal year 1995. In addition, these amendments provide the stipulation that the National Endowment for the Arts will not increase its direct grant to any State which has decreased its own funding for the arts if the State's current year funding for the arts is less than the average annual amount the state spent on the arts during the three most recent years. A State's basic grant would only be capped in cases where cuts in a State's arts
programs are disproportionate to cuts made in other non-mandatory programs.

LEGISLATIVE HISTORY

The National Foundation on the Arts and Humanities was established by Public Law 89-209 in 1965. The original Act was preceded by the National Arts and Cultural Development Act of 1964 (Public Law 88-579), which established a National Council on the Arts. The National Council on the Arts was transferred to the National Endowment for the Arts when the National Foundation on the Arts and Humanities Act became law in 1965. The National Foundation on the Arts and Humanities is currently composed of the National Endowment for the Arts (and its National Council on the Arts), the National Endowment for the Humanities (and its National Council on the Humanities), the Federal Council on the Arts and Humanities and the Institute of Museum Services (and its National Museum Services Board).


The Arts and Artifacts Indemnity Act, "an Act to provide indemnity for exhibitions of artistic and humanistic endeavors," was enacted in 1975 by Public Law 94-158 and later amended by Public Law 99-194. The Federal Council on the Arts and Humanities was given authority to make agreements against loss or damage to art objects and artifacts.

COMMITTEE ACTION

On May 5, 1993, the Administration transmitted to Congress proposed legislation to extend the authorization of appropriations for the National Endowment for the Arts, the National Endowment for the Humanities and the Institute for Museum Services for a
period of two years through September 30, 1995. The authority for these agencies expired on September 30, 1993.

On June 14, 1993, Senator Pell (on behalf of himself and Senator Jeffords) introduced S. 1218, the Arts, Humanities, and Museums Amendments of 1993, a bill to reauthorize the National Foundation on the Arts and Humanities Act of 1965 and the Museum Services Act.

Because this legislation provided for a simple straight extension for a two-year period of existing authority, there were no hearings held by the Subcommittee on Education, Arts and Humanities.

The bill, S. 1218, was referred to the Committee on Labor and Human Resources which met on November 3, 1993, to consider it. An amendment in the nature of a Committee substitute amendment was offered by the Chairman, Senator Kennedy. This amendment, which retained language providing for a two year extension, was expanded to include language that addresses funding of state arts councils. This language stipulates that the National Endowment for the Arts will not increase its direct grant to any state which has decreased its own funding for the arts if the State's current year funding for the arts is less than the average annual amount the State spent on the arts during the three most recent years. The amendment also provides that a State's basic grant would be capped only in cases where cuts in a State's arts programs were disproportionate to cuts made in other non-mandatory programs.

The Committee accepted the amendment in the nature of a substitute by a voice vote. The Committee then proceeded to report the bill to the Senate by a voice vote.

Section-By-Section Analysis

ARTS AND HUMANITIES MUSEUMS AMENDMENTS OF 1993

A BILL To authorize appropriations for fiscal years 1994 and 1995 to carry out the National Foundation on the Arts and Humanities Act of 1965, and the Museum Services Act, and for other purposes.

Section 1

Section 1 of the bill recites the short title of the Act.

Section 2

Section 2(a) stipulates that the NEA may not increase its direct grant to any state which has decreased its own funding for the arts below its average funding level over the period of the previous three years. A state’s basic grant would only be capped if the cuts in the state’s arts programs are reduced at a rate that is disproportionate to other non-mandatory programs.
Section 2(b)(1) authorizes funds for the National Endowment for the Arts for fiscal year 1994 and 1995. It provides $119,985,000 for fiscal year 1994 and such sums as may be necessary for 1995. It provides that 27.5% of the definite program funds be allocated for the states grants-in-aid program, and that 7.5% of the definite program funds be allocated for the public access in rural and inner city areas programs.

Section 2(b)(2) authorizes funds for the National Endowment for the Humanities. It provides $130,573,000 for fiscal year 1994 and such sums as may be necessary for fiscal year 1995.

Section 2(c)(1) extends the authorization and establishes appropriations levels for Arts Endowment and Humanities Endowment Treasury funds for fiscal year 1994 and 1995. It provides $16,955,000 for fiscal year 1994 and such sums as may be necessary for fiscal year 1995 for the NEA. It also provides $11,963,000 for fiscal year 1994 and such sums as may be necessary for fiscal year 1995 for the Humanities Endowment' Treasury funds.

Section 2(c)(2) extends the authorization and establishes appropriations levels for the Arts Endowment and Humanities Endowment Challenge Grant Program. For the Arts Endowment, it provides $13,187,000 for fiscal year 1993 and such sums as may be necessary for fiscal year 1994. For the Humanities Endowment, it provides $14,228 for fiscal year 1994 and such sums as may be necessary for fiscal year 1995.

Section 2(c)(3) corrects a technical error in section 103(i)(2)(B) of P.L. 101-512, providing appropriations for the Department of Interior and related agencies.

Section 2(d) extends the authorization and establishes appropriations levels for the Arts Endowment and Humanities Endowment Administration funds. For the Arts Endowment, $24,466,000 are provided for fiscal year 1994 and such sums as may be necessary for fiscal year 1995. For the Humanities Endowment, $20,727,000 is provided for fiscal year 1994 and such sums as may be necessary for fiscal year 1995.

Section 2(e) establishes the limitations on total appropriations on the Arts and Humanities Endowments. For the Arts Endowment the limitation of total appropriations for fiscal year 1994 is $174,593,000. For the Humanities Endowment the limitation of total appropriations for fiscal year 1994 is $177,491,000.

Section 2(f) requires that the Chairperson of the National Endowment for the Art conduct an investigation of compliance with section 5(g)(4)(C)(i) of the National Foundation and Humanities Act by the states and submit to the Congress a report containing the findings of such investigation and any relevant information and recommendations that are deemed appropriate.
Section 3

Section 3 extends authorization for the Institute of Museum Services for two years and provides funding levels for the agency. It authorizes $28,777,000 for fiscal year 1994 and such sums as may be necessary for fiscal year 1995. Authorization of appropriations to match contributions to IMS is also extended for two years.