

University of Rhode Island

DigitalCommons@URI

Arts and Humanities: Pell Amendments (1975)

Education: National Endowment for the Arts
and Humanities, Subject Files II (1962-1996)

2-23-1976

Arts and Humanities: Pell Amendments (1975): Conference Proceeding 01

Carl F. Stover

Follow this and additional works at: https://digitalcommons.uri.edu/pell_neh_II_11

Recommended Citation

Stover, Carl F., "Arts and Humanities: Pell Amendments (1975): Conference Proceeding 01" (1976). *Arts and Humanities: Pell Amendments (1975)*. Paper 18.

https://digitalcommons.uri.edu/pell_neh_II_11/18https://digitalcommons.uri.edu/pell_neh_II_11/18

This Conference Proceeding is brought to you for free and open access by the Education: National Endowment for the Arts and Humanities, Subject Files II (1962-1996) at DigitalCommons@URI. It has been accepted for inclusion in Arts and Humanities: Pell Amendments (1975) by an authorized administrator of DigitalCommons@URI. For more information, please contact digitalcommons@etal.uri.edu.



THE NEXT DECADE IN THE ARTS:

A PROGRAM TO ACHIEVE A STRONGER PRIVATE SECTOR-PUBLIC SECTOR
PARTNERSHIP COMMITTED TO SUPPORT OF CULTURAL INSTITUTIONS*

Introduction

Americans are strongly aware of the practical importance of the arts to the quality of their individual lives and their common life. As New York Times art critic Hilton Kramer recently wrote, "We are now a society intent upon availing itself of cultural goods and services to an extent never before known to the history of civilization."¹ A consensus has built up around the view that it is in the public interest to ensure the availability of the arts and the well-being of cultural institutions, in recognition of their intrinsic value and their spiritual, social, political, economic and other civic benefits.

At the same time, severe financial problems are threatening the stability and vitality of the country's main cultural

*A working paper prepared by Carl F. Stover, Director of Bicentennial Resources Development, National Endowment for the Arts; February 23, 1976.

1. Notes are at the end of the paper.

centers--its major non-profit professional symphony orchestras, theaters, opera and ballet companies, community arts organizations, and museums. Born in part of the fact that these institutions cannot fulfill their public responsibilities if they attempt to charge audiences the full costs of their operations, these problems have become critical because of the recent inflation and recession. As costs have increased at an alarming rate, the philanthropic and governmental support relied upon to fill the inevitable gap between costs and maximum feasible earnings has not been able to keep pace. Hence, programs are curtailed, quality is sacrificed, gifted artists shift to other pursuits, and irretrievable cultural opportunities are lost to the public.

Action is required to resolve these immediate problems and place the Nation's cultural institutions on a sounder footing for the long term. Proposed here is a ten year partnership investment by major national corporations and the Federal government, to provide challenge grants and technical assistance for cultural institutions of high quality, enabling them to:

1. Broaden the base and raise the plateau of continuing regional and local financial support from individuals, civic groups, foundations, business, and governments;

2. plan and manage more effectively, particularly with respect to audience and program development and financial affairs; and
3. provide, in cooperation with other cultural institutions and groups, more effective service to their communities.

The country's cultural institutions have become poor and dependent by serving the American people, often exceeding the limits of available means. This proposal promises an opportunity for them to develop better financial and managerial foundations for the future, thus growing more independent and self-reliant in settling on and offering their proper donation to our society.

THE CURRENT CONDITIONS

Arts Funding

Recent years have brought mounting apprehension about the financial outlook for the arts, especially the principal non-profit cultural institutions that maintain the highest standards of quality, provide essential leadership and inspiration, and preserve a rich cultural storehouse for the benefit of present and future generations. These are the

fundamental resources from which the many varied cultural pursuits of individuals and groups in our society draw much of their basic sustenance. They are indispensable, and often irreplaceable.

The Ford Foundation's study, The Finances of the Performing Arts,² projected a five-fold increase in the gap between earned income and costs for the country's theatres, operas, symphony orchestras and dance companies between the 1970-71 and 1980-81 seasons. Museums USA,³ a study by the National Endowment for the Arts released in 1974, reported an equally bleak outlook for the country's art, history and science museums. A more recent sample analysis conducted under the auspices of the Council on Foundations' Project in the Arts, yielded this dreary conclusion:

In sum,....arts organizations have continued to make many adjustments in response to economic pressures, changes which undoubtedly are affecting the quantity and quality of their work as well as the public's access. Some museums have shortened their hours, closed certain sections to the public, or limited the number of large exhibitions; some performing arts groups have cut the number of productions or are selecting repertoire based on popularity or low cost.... (T)hese practices have serious artistic implications. Touring remains viable mainly for the major performing companies or those participating in touring programs of the National Endowment for the Arts.

It is clear, as costs increase, that in order to maintain the status quo, much less to grow, new money from both the public and private sector must be forthcoming. Despite this need, in the private sector it is growing harder to

raise the same--or even a reduced--amount as in the previous year. Municipal and state support is declining in some locations and Federal aid remains at about the same level in most disciplines. Efforts to increase earned income continue to be successful but the potential still falls far short of the need. Increased aid from all sources--private and public--remains the only guarantee against the erosion or stagnation of⁴ a significant number of our cultural institutions.

Such fiscal troubles were recognized even before the recent economic downturn, but that combination of inflation and recession has made the situation generally worse and in some cases critical. Although institutional survival is not imminently threatened, financial severity is forcing various harmful compromises, including elimination of less popular productions, curtailment of seasons, partial closing of facilities, reduction of professional staffs, and other actions that sacrifice quality and irrevocably deplete the public's cultural opportunities. Engendering financial savings in this way produces permanent losses in the economies of institutional and audience time. Limiting the extent and variety of programs endangers the vitality and long-term prospects of institutions and, perhaps most important, reduces the richness and diversity essential to dynamic cultural growth.

The Need for the Arts

With some irony, these dangers appear at a time when the cultural interests and desires of the American people are greater than they have ever been. A sampling of the more

than 1,000 American orchestras shows that over 12.5 million people attended concerts during the 1974-75 season--a one million person increase from the previous year. In Washington, D.C., more persons attend cultural performances at the Kennedy Center than sporting events at Kennedy Stadium. A survey of some forty "Opera America" membership companies shows an attendance increase of over 40% from the 1973-74 to the 1974-75 seasons. A review of Endowment-aided special summer festivals held throughout the country in 1975 reveals almost a 500% attendance increase.

Popular interest is also revealed by the expansion of institutional resources. Until the mid-1960's, there were only a handful of non-profit professional theater companies; now there are more than fifty in forty cities in twenty-two states. Last year, eighty-four dance companies were qualified by professional and management standards to participate in the Arts Endowment's Dance Touring Program; next year there will be more than 135. This year there are 105 professional orchestras in the United States; at least eight more will be added next year. Similar patterns exist in every arts field.

Although clearly the younger people led the way in the 1960's, the growing appreciation of the importance of the arts does not appear to be limited to any particular geographical region or population segment. A 1975 Harris survey indicated

that almost nine out of ten Americans judged the arts essential to the quality of life and that more than 65% were willing to back up this judgment with a payment of at least \$5 per year. The Business Committee for the Arts finds that almost 20% of the country's top corporate executives are actively involved with some arts organization. Participation in arts courses and arts centers is at a record high.

This sort of evidence is conducive to the view that our country's cultural health is better than it has ever been. Some find reason to conclude that we are beginning a cultural era and that the arts will dominate America's third century as fully as technology dominated its second. In part because of this prospect, John D. Rockefeller, 3rd, argued in his The Second American Revolution⁵ that the country's next century will see the more vigorous pursuit of the humane values of the first American Revolution, fulfilling John Adams' well-known prophecy:

I must study politics and war, that my sons may have liberty to study mathematics, philosophy, geography, natural history and naval architecture, navigation, commerce and agriculture, in order to give their children a right to study painting, poetry, music, architecture, statuary, tapestry, and porcelain.

Of course, our society's need for the arts and cultural institutions is not based entirely on popular demand or prospects of a cultural era, important as these are. Nor does it

stem in substantial measure from the common recognition of the arts as recreation and entertainment, although these utilities should not be discounted, particularly in a time of increasing leisure requiring constructive use. Rather, the most important factors creating a public interest in the arts are their many pervasive instructions and inspirations of the human mind and spirit, revealing and contributing to the knowledge, purposefulness, vitality and morale of the human community, and moving it on.

The contributions of the arts to the spiritual and intellectual growth of men and women and to the morale of communities and societies has long been known. Visions, ideas and forms in the arts rise from man and nature to inspire all the sciences and techniques. Michelangelo is perhaps the greatest proof, or Einstein's observation that his notions of different orders in physics and number were encouraged by the varied orders he encountered in music. There are countless other examples, both lofty and mundane; some are to be found reflectively in every person's history.

The arts also offer critical commentary on life, encouraging its examination by persons and communities in their pursuit of the individual and common good. They thus serve democracy, as Robert Penn Warren argues in his recent Democracy and Poetry:⁶ The arts are assertions of the self and, in their

creation and contemplation, thought-feeling instructions in "continuity--the self as a development in time....and responsibility--the self as a moral identity, recognizing itself as capable of action worthy of praise or blame"; in this manner, they affirm the self, which is essential for democracy to be possible. At the same time, the arts are ways of knowing and understanding, advancing perspectives on what has been, is, and may yet be that yeast the public dough, helping to ensure a possible democracy its rightful future. The arts sustain the free marketplace of ideas, without which free men and women, free governments and free markets cannot survive.

Nor should we ignore the practical economic benefits of the arts. As Nancy Hanks, the Chairman of the National Endowment for the Arts and the National Council on the Arts, recently pointed out to the Congress, "Too often,....the connection between healthy cultural activity and favorable economic impact is not made:

Cultural activities are often key to increasing tourism, a major industry in many communities--small as well as large.

Cultural organizations make a significant contribution to income and employment in a number of support industries, such as printing, advertising, food services, and facilities maintenance.

People who attend cultural events spend approximately 80% more than the cost of their ticket on ancillary services, such as restaurants, taxis and parking.

Cultural organizations are a key factor in influencing executive and industrial relocations.

Renovation of architecturally important buildings can put land back on the tax rolls.

Evidence of these realities can be found throughout the country. In Seattle, for example, the arts have been employed to revitalize downtown areas and the City's cultural strength is often cited as a key factor in its attraction of tourists. The Twin Cities have deliberately cultivated cultural activities as an important means to economic growth. In Sioux City, Iowa, an emphasis on the use of art in public places brought a fresh vitality to the downtown area, inspiring the regeneration of the main retail district. Chicago, Dallas, Atlanta, and many more could be added to this list.

A recent Massachusetts study revealed that the total direct financial contribution of the arts to the State's economy exceeded \$71 million. Of this, some \$31.5 million is accounted for by payroll, approximately \$39.5 million by capital outlays and the purchase of goods and services. The Arthur D. Little Company has ranked Massachusetts high as "an environment for culture" and cited this as "a major attraction" for business relocation in the State.

In Baltimore, Maryland, a 1973 study showed a payroll of \$7.5 million for the City's fourteen principal cultural institutions and additional expenditures of \$11.7 million, for a total direct contribution of \$19.2 million. It is also estimated that the multiplier effect of the salaries alone generated an additional \$17 million in the region's economy.

For nearby Washington, D.C., a 1975 inquiry by the Washington Center for Metropolitan Studies concluded:

There can no longer be any doubt about the significance of the arts in the economy of greater Washington (D.C.). The expenditures of the region's non-profit arts organizations alone are estimated to exceed \$25 million annually. The economic impact of these arts dollars as they are circulated and reused in the economy exceeds \$50 million. Three and one-half million persons attended performances and exhibitions at these organizations last year, compared to 1.4 million attendees at the Redskins, Caps, Bullets, and Diplomats home events. In the course of going to these arts events, area residents spent close to \$10 million on ancillary items such as eating out, taxis, parking and baby-sitting services. That is roughly equivalent to what they spent on tickets.⁸

Similar testimony is found in the report of the New York Mayor's Committee on Cultural Policy:

This Committee estimates that cultural activities and related industries generate over \$3 billion in expenditures and receipts and contribute about \$102 million in local tax revenues. New York's non-profit cultural organizations spend an estimated \$193 million or more each year on goods and services. Cultural resources are vital in attracting business to New York and in keeping it here. They are also an important stabilizing and strengthening factor in real estate development, and through this can be

said to make a significant contribution to the City's property tax revenues.⁹

The Financial Outlook

For all of their importance, however, the arts cannot be made available on a "fee-for-service" or pay-as-you-go" basis. Although few would deny that there is room for economies and efficiencies in most cultural institutions, there is also a finite limit on the extent to which costs can be cut. One violinist cannot be substituted for ten by instructing her to play ten times louder; a play cannot be presented with only half the stage lights; a museum is not made more efficient by closing a third of its galleries; a ballet or opera company cannot perform with only 70% of its cast; touring requires funds for travel.

By the same token, there is some possibility of increasing earnings through raising ticket prices and assuring full houses, but these, too, have finite limits. A major museum paying its own way would have to charge adults about \$10.50 for admission and students half that amount. A symphony orchestra relying entirely on the sale of tickets, would have to charge something on the order of 100% more for seats, even with a fifty-two week season. This would bring tickets up to a range of roughly \$7.00 to \$25.00 and more, thus placing

even greater economic barriers in the way of cultural participation and making full houses almost impossible to achieve, both of which are self-defeating.

Such considerations make it clear that cultural institutions are bound to have an "earnings gap"--the difference between costs, even when held to an absolute minimum, and earnings, even when brought to a maximum consistent with the goals of quality, diversity and availability. The "earnings gap" has generally been met through contributions from private and public sources which have recognized the arts as a public good, much like education for all--indeed an essential part of education for all. These have included voluntary philanthropic efforts--especially on the part of wealthy individuals, major foundations and, more recently, national corporations--and by executive and legislative action in national, state and local governments. This investment is now being threatened by the general economic condition both because costs have been inflating at a rapid rate and because the ability of philanthropic and governmental investors in the arts to keep up with these costs has been reduced by a combination of inflation, recession and competing demands from education, welfare, health and other areas of public service need.

In addition, the growth in the number of cultural institutions, to which reference has already been made, heightens this problem by creating more "earnings gaps" that must also be filled--a fact that is leading some to question how much more growth we can afford and others to ask whether cultural availability might not be better secured through means other than the further proliferation of institutions.

Over the past decade, and especially in the period from 1969 to 1974, the public investment in the arts has grown substantially at all levels of government and in the private sector. In the last two years, these combined increases have levelled off sharply, with some sources showing an actual decline when measured in constant dollars. Given prevailing attitudes among decision-makers, and assuming a stable, slow-growth economy, the best possible outlook for the next three to five years is for increased public investment in the arts from governmental and non-governmental sources at no more than the minimum conservatively-estimated inflationary rate of 6%. More specifically, this is the situation:¹⁰

1. Direct Federal financial support for the arts through the National Endowment for the Arts, which increased dramatically from 1969 to 1974, has reached a plateau.

This is unlikely to change unless some overwhelming special need or opportunity is recognized. However, some modest increases of indirect support through the programs of other Federal agencies may be forthcoming.

2. State and local governments are under great and mounting fiscal pressures, which may in some instances lead to a decline in their arts support. Any increases are likely to come only from the direction to arts programs of general- or special-purpose funds made available by the Federal government.
3. Those major national foundations which have accounted for the lion's share of arts support will not be maintaining this position. If total foundation support is even to keep up with inflation, smaller regional and local foundations must enter the field.
4. Largely because of the actions of a relatively small number of national corporations, business has been providing a large and growing proportion of total arts support. As with foundations, this pattern will continue only

if more corporations of all sizes enter the field; as with the Federal government, this will occur only if special needs and opportunities are recognized.

5. Patronage by individuals has also grown, in numbers of persons involved and total amount. Although now levelling off, these contributions should hold fairly steady. With more widespread appreciation of the importance of the arts, significant increases could result.

Thus, the outlook under current conditions is not encouraging. If those conditions prevail, most of our cultural institutions will experience stagnation, some may actually collapse, and all will be performing at levels far less than their capabilities permit or public needs require. The great loser will be the many millions of persons, young and old, for whom greater cultural opportunities could afford avenues to richer and more productive lives. These sacrifices deny the public interest. The current conditions must be changed.

Toward Long-Term Improvements

The financial and related problems facing the country's cultural institutions have long been in the making. Recent national economic troubles have made them critical more quickly,

but even with full economic recovery serious difficulties would remain. To some extent a function of increasing demand for cultural goods and services which have strained the institutions' financial and management capabilities, these problems require careful assessment and long-term resolution; they are not vulnerable to the "quick fix". The fundamental need is for more widespread acceptance of responsibility for the well-being of our cultural institutions and the creation within them of sounder financial and managerial foundations that will enable them to maintain themselves with integrity as they fulfill their ample public duties.

Two Unworkable Alternatives

To some, the easy solution is for the Federal government to increase its annual arts appropriation immediately, by three-fold or more. Given the magnitude of the Federal deficit, the severe competitive pressures on the Federal budget, and the widespread desire to see the taxpayers' burdens reduced, this is an unlikely alternative. It is also questionable as a matter of policy.

Massive Federal expenditures on the arts encourage the presumption that the national government will be the ultimate guarantor of the financial needs of cultural institutions, thus reducing the sense of responsibility other levels of

government and the private sector feel for the country's cultural well-being. By this process, a three-fold increase could soon be transformed into a need for twice and three times that amount, as non-Federal contributors leave the field. All too easily, the result could be a fully state-subsidized national cultural program.

With the Federal government paying a markedly larger share of the total cost of the arts, there is also greater risk of Federal control. Safeguards can be provided, but the danger would inevitably be present, and the sense of that danger among artists and audiences could be almost as damaging to creativity and morale as its realization.

There are others who contend that large corporations should bear the major burden of meeting the financial needs of cultural institutions. For many of the reasons already cited in the case of the Federal government, this is also an unlikely and questionable view. In the face of capital needs, rising wage and materials costs, and stockholder dividend demands, corporate contributions and public affairs budgets cannot be expected to grow significantly. To the extent they do increase, they also face mounting competitive demands from education, health, welfare and other public interests. For corporations to accept the major portion of the cultural burden would certainly lead others to turn away from this

responsibility. In some quarters, the spectre of corporate control of the arts is at least as fearsome as government control.

None of this is intended to argue against increased Federal or major national corporation investments in the arts, but rather to contend that they must grow proportionally with one another and with investments by state and local governments, smaller businesses, foundations, civic organizations and individuals, so as to preserve the plurality of funding essential to maintaining freedom and diversity in the arts. Thus, increased Federal and corporation funding should be part of a program that deliberately fosters many other sources of support.

This principle has guided the National Endowment for the Arts over the past ten years, and is represented in the policy which requires matching non-Federal funds for most Endowment grants. Significant economic growth has helped, by making it possible for other levels of government, major foundations, large corporations, and a growing number of other organizations and individuals to contribute financially to the arts. Given the more sluggish present economic climate, the maintenance of a balanced pluralism in arts support will require more deliberate efforts to cultivate new continuing contributors.

A Partnership for the Arts

If neither the Federal government nor major national corporations can wisely "go it alone" with a program to aid cultural institutions, they could proceed in partnership on efforts that would encourage others to join them in placing cultural institutions in a better long-term position. The need is to fashion a strategy that will broaden the base of on-going support among regional and local businesses and foundations, as well as local governments, other private organizations and the general public--especially the expanding middle income group. Such a strategy must include a stimulus to increased and more widespread continuing contributions. Equally important, it must lead to the improvement of management, especially with respect to financial, audience development, and program planning. Without the latter, the growth of funds may result in nothing more than the expansion of cultural institutions' programs beyond any likely capacity for sustaining them.

A proposed method of approach, meeting these requirements, contains these main elements:

1. Major national corporations would create a fund of "new money" for the arts at up to \$25 million per year for ten years. These

- monies would come primarily from the "Fortune 500" companies and be additions to sums they are already contributing for cultural purposes. They would be administered by a tax-exempt, non-profit 501(c)(3) corporation, modestly staffed and governed by an independent board.
2. The Federal government would commit a like amount for the same purpose through the National Endowment for the Arts. Under the Treasury Fund principle, these monies would become available when matched, one-to-one, by the corporate fund.
 3. The combined corporate fund-Federal government financial pool would be used for challenge grants to cultural institutions averaging a three-to-one match, thus providing a total of up to \$200 million per year, \$2 billion over ten years.
 4. The challenge grants would be used to achieve a number of purposes, including:
 - a. To encourage greater financial support for cultural institutions, particularly from foundations and businesses not now

- providing such support, from local governments and civic organizations, and from the general public;
- b. to enable cultural institutions to build up to higher annual levels of continuing support from a wider range of contributors;
 - c. to provide for management improvements in cultural institutions, including long-range financial, audience development and program planning, more effective budgeting and accounting, more efficient administrative systems, and the like;
 - d. to stimulate greater collaboration and cooperation among cultural institutions at the local level in contributing effectively to the cultural life of their communities; and
 - e. to foster greater citizen involvement in planning for the community's cultural life and more widespread participation in cultural activities.
5. Challenge grants would be made jointly by the corporate fund's board and the National Council on the Arts, in accordance with precise guidelines on which they mutually agree. Although

the nature of the effort requires that there should be considerable flexibility in determining the eligibility and qualifications of the grantee, some of the minimal standard requirements should include:

- a. Challenge grants would be made to established, non-profit cultural institutions, individually or on a select group or community-wide basis, to united funds and other cooperative arts funding programs, and to such related non-profit groups as the grant-making bodies determine will serve the aims of the challenge grant effort;
- b. prospective grantees' proposals would have to include five year plans for income and expenses, audience development and program, to be up-dated annually, along with a general management assessment and recommendations for improving management;
- c. in most cases, challenge grants would be for no more than three years and, under the terms of their individual plans,

grantees would be required to commit to the principle of "maintenance of prior effort"--e.g., challenge grant funds in a given year cannot be used to replace operating support received in the previous year from all sources, and matching funds under the challenge grant must be "new money", beyond contributions received prior to the challenge grant campaign;

- d. funds may be used for whatever purposes will best enable the grantee to fulfill the aims of the challenge grant program, including retiring deficits, building endowments, meeting current operating expenses, and making capital improvements, except that no Federal funds may be used for purposes prohibited by law or established Arts Endowment policies; and
- e. prospective grantees must demonstrate their own and their individual community's readiness to undertake a successful challenge grant effort.

6. Administration of the challenge grant program would be a joint effort of the corporate fund and the Arts Endowment. Applications received would be reviewed and researched by a special Endowment program staff, appointed in consultation with the corporate fund's director and board. The corporate fund's director would collaborate with this staff on a continuing basis. Following staff analysis, applications would be presented for review and recommendation by a peer review panel jointly agreed upon by the National Council on the Arts and the corporate fund's board. Grants would be made by the National Council and the corporate fund's board, meeting jointly, with the majority of either body having a veto power on any particular grant.
7. In recognition of the complexity and likely expense of the challenge grant application procedure, at least in the program's early years, prospective applicants would be asked to submit preliminary proposals for review. These would then become the basis for formal invitations to apply. Where appropriate,

technical assistance could be provided in the development of detailed proposals, especially with respect to matters of long-range planning and other management improvements. The provision of such assistance should afford its own benefits, even if a challenge grant is not subsequently made.

This method of approach brings into conjunction several well-tested and proven means for grant-making in the arts. These include: (a) the Treasury Fund method, which is an effective way of joining private and public philanthropic funds in common endeavor on an equal basis; (b) the challenge grant approach, which provides useful leverage in stimulating new contributors and encouraging established contributors to increase their donations; (c) peer review, which remains the best available means for making objective appraisals of proposed programs; and (d) technical assistance, which helps to guarantee the quality of proposals received and to remove barriers to application born of an institution's lack of professional staff time or extra funds.

Special note should also be taken of the fact that this approach does not place primary responsibility for the development and long-term support of cultural institutions at the national level, but rather at the community level, where it

properly belongs. The preparation and execution of challenge grant program plans will require significant policy discussions in the community about the nature of its cultural needs and how these can best be met. These discussions should lead to a fresh recognition of cultural opportunities as well as possible limits on cultural development, and to the shaping of a broader consensus and commitment with respect to cultural ends and means. This, in turn, should help bring about more widespread interest and participation in cultural activities, along with a variety of non-financial voluntary contributions to their support.

Finally, it should be pointed out that the program emphasizes established cultural institutions, not out of ignorance or in denigration of other cultural activities, but in recognition of the key position such institutions have. By maintaining high cultural standards and capacious storehouses of cultural achievement and capability, they provide essential foundations for cultural pursuits of all kinds and, thus, serve all. In addition, to the extent that these institutions can attract new support from a wider group, making them more self-reliant in the long-term, risk capital from established public and private funding sources can be freed for other, more innovative activities.

Conclusion

One of the fruits of the country's recent economic adversity has been to force attention to priorities among our many public needs. At this time in our national history, the opportunities afforded the human mind and spirit by the cultivation of the arts rank high on that list. Judged vital to the individual good, they achieve new prominence in recognitions of the common good, thus providing a signal to America's future.

If this opportunity to add fresh dimensions to the country's adventure with human freedom is not to be lost, means must be found to meet the serious economic problems now impeding the development of the arts and the productivity of cultural institutions. The challenge grant program outlined in this paper affords this means, providing for the development of a broadly-based partnership between the private sector and the public sector in expanding support of cultural institutions. Stressing the widespread acceptance of responsibility at the community level for the well-being of our cultural institutions, along with voluntary contributions to their service from a great many organizations and individuals, it calls up the most dynamic force in the American tradition--the vision, will and energies of the committed person.

NOTES

1. New York Times, August 17, 1975.
2. The Ford Foundation, The Finances of the Performing Arts (2 vols.) New York: Ford Foundation, 1974.
3. National Endowment for the Arts, Museums USA. Washington, D.C.: U.S. Government Printing Office, 1974.
4. Stephen Benedict, "Survey II" (mimeo.), pp. 3-4. New York: Council on Foundations, September 25, 1975.
5. John D. Rockefeller, 3rd, The Second American Revolution. New York: Harper and Row, 1973.
6. Robert Penn Warren, Democracy and Poetry. Cambridge: Harvard University Press, 1965.
7. "Statement of Nancy Hanks, Chairman, National Endowment for the Arts, Chairman, National Council on the Arts, before the Subcommittee on Department of the Interior and Related Agencies of the Committee on Appropriations of the House of Representatives", (mimeo.), February 9, 1976, pp. 1-2.
8. From the press release accompanying Dianne Seiffert and William G. Weissert, The Arts in Metropolitan Washington, Some Preliminary Data on Economics, Financing and Organization. Washington, D.C.: Washington Center for Metropolitan Studies, December, 1975. See esp. pp 9ff.
9. New York Mayor's Committee on Cultural Policy, Report of the Mayors Committee on Cultural Policy. New York: The Committee, 1974, p. 6.
10. For additional information, see Carl F. Stover, "Developing Financial Resources for the Arts-- Assessment and Recommendations" (mimeo.). Washington, D.C.: National Endowment for the Arts, November, 1975.