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WORD FROM WASHINGTON

ASSOCIATED COUNCILS OF THE ARTS · ROOM 820 · 1564 BROADWAY · NEW YORK, N.Y. 10036 · TELEPHONE (212) 586-3731

November-December 1975

V/10-11

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***SANTA CONGRESS FILLS NEA STOCKING**

Congress appropriates \$82 million for fiscal '76; new trends shown in willingness of Senate to go beyond Administration's funding recommendations and to end the tradition of equal funding of the Arts and Humanities; indication of more activist role taken by Senate Appropriations Subcommittee; Sen. Robert Byrd's interest in the work and funding of the Endowment could prove very important to the arts-government relationship.

***FOLK CENTER APPROVED**

Legislation will establish an American Folklife Center in the Library of Congress to preserve material and records of folk culture and display or present it to the public.

***SENATE COMMITTEE APPROVES MAJOR COPYRIGHT REVISION**

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***MUSEUM SERVICES ACT REINCARNATED**

Renamed in October the Bicentennial Era Museum Services Act of 1975 and presented to the Senate, the bill makes special provisions for the bicentennial year.

***ATLANTA MAYOR BACKS ACA, THE ENDOWMENT, AND ARTS FOR CITIES**

Mayor Maynard Jackson writes a strong letter of support to members of the House and Senate Committees endorsing ACA's position on Endowment funding.

***CONGRESS GETS FILER COMMISSION VIEWS ON GIFTS TO NON-PROFITS**

Commission recommendations may be considered by Congress as it begins consideration of positions of the tax code pertaining to charitable giving and non-profit activities.

***PUBLIC BROADCASTERS WIN LONG-RANGE AUTHORIZATION, LOSE APPROPRIATION**

Broadcasters still must return to Congress annually for funding.

SANTA CONGRESS FILLS NEA STOCKING

Last summer, the House approved an appropriation bill that granted the Arts Endowment \$79,500,000 for the year ending July 1, 1976 - \$2.5 million less than the Administration requested. It approved an identical sum for the Humanities Endowment so that parity was retained between the two agencies. Since the \$82 million requested by the President already amounted to a cut of \$44 million below the spending ceiling authorized for Endowment programs, there was not much joy at Endowment headquarters during the nearly five months of waiting for the Senate to "drop the other shoe." But the wait was well worth it. On November 19, the Senate Appropriations Subcommittee on the Interior Department and Related Agencies - led by Senator Robert Byrd (D-WV) suggested that the Arts Endowment be appropriated \$84,500,000 - \$5 million more than the House recommended and \$2.5 million more than the Administration requested. It left Humanities funding at the level set by the House. The next day, the Senate approved its committee's recommendation and the stage was set for a compromise with the House in which the Arts Endowment could not lose. The least it would get was what it asked for - \$82 million.

Sure enough, the week before Congress recessed for Christmas, it filled the Endowment's stocking with:

Program Funds.....	\$74,500,000 (States received 20% of this)
Matching (Treasury) Funds....	<u>7,500,000</u>
Total.....	82,000,000

In addition, the Congress approved \$33,750,000 for the Arts and \$20,750,000 for the Humanities for the three month budgetary transition period that will take place next July through September.

In 1976, the federal government will change its Fiscal year to October-September and because of this, Congress had to approve funds for the Endowments and other agencies for the three-month period between the end of the old fiscal year (June 30, 1976) and the beginning of the new one (October). The Arts Endowment argued that it needed a relatively large portion of its annual appropriation during the summer months so that grantees could receive their money before the start of their seasonal activities in the fall. The Humanities made a similar argument but evidently did not convince the Congress.

The result of this year's annual appropriation's fight indicates several new developments in the relationship between the Arts and Humanities Foundation and the Congress:

1. For the first time, at least one body of the Congress showed a willingness to go beyond the Administration's recommendations for spending by the Arts Endowment. Certainly both Houses demonstrated a willingness to give the President what he asks in this area. Next year, then, the initiative appears to rest squarely with President Ford. His Administration has recommended a three-year authorization bill calling for \$126 million for the Arts next year. (See Word From Wash. April-May '75) If he asks Congress for anything less, he must bear the responsibility for the cut.

2. The Senate has clearly shown its willingness to end the tradition of funding the Arts and Humanities Endowments equally.

3. Under the new leadership of Senator Byrd, the Senate Appropriations Subcommittee appears to be taking a more activist role with regard to the Foundation. In its report, the committee made several observations indicating it intended to have a greater voice in Foundation matters. The committee chastized both Endowments for doing little in the area of folk culture. It asked the Arts Endowment to cut back its spending on the American Film Institute as "a first

step in placing the operations of the Institute on a self-sustaining basis," and it urged the Endowment to make "a special effort" to encourage the rebirth of a resident ballet company in the nation's capital that would replace the now defunct National Ballet.

4. The interest of Senator Byrd in the work of the Arts Endowment and his demonstrated willingness to seek greater funds for it, could be of very great importance to the evolving relationship between the national Government and the arts. Senator Byrd is the majority whip in the Senate and is generally regarded as one of the most powerful members of that body and within the Democratic Party. In these roles and as Senator from West Virginia, he could do much to win new allies for more government support. He is probably the individual most responsible for the fact that the Arts Endowment received the full amount of funds it requested for Fiscal '76 and many are beginning to regard him as a new champion of the arts on Capitol Hill.

FOLK CENTER APPROVED

Legislation (HR 6673) to establish an American Folklife Center in the Library of Congress survived a trimming by the Senate and was passed by the Congress on its last working day before the Christmas recess. On December 11, the Senate OK'd its version of the House-approved Folklife bill (See Word From Wash. Sept.-Oct. '75). But the Senate bill greatly curtailed the activities of the Center by stripping its grant-making authority and lowering the authorized funding ceiling from \$2.6 million over the next three years (as suggested by the House) to \$770 thousand. The House accepted these changes and sent the Folklife bill on to the President for signature.

The new Folklife Center will engage in archival activities-- preserving material and records of folk culture and displaying or presenting it to the public. It is expected that the Endowment will continue and (if Senator Byrd's appropriation committee has its way) expand its grant program in this area.

SENATE COMMITTEE APPROVES MAJOR COPYRIGHT REVISION

The titanic struggle of the U.S. Congress to revise the nation's 1909 Copyright Code which has been going on, sporadically, since 1961 was heated up again on November 20 when the Senate Judiciary Committee approved a bill (S 22) that is almost identical to one passed by the Senate in the closing days of the last Congress. Among its major provisions are:

1. The extension of copyright terms to the life of the creator plus fifty years. Presently, the duration of a copyright is limited to a maximum of 56 years.
2. A requirement that royalty payments be made by operators of cable television systems for programming picked up from over-the-air broadcasters.
3. The termination of current exemptions for the juke box industry from copyright liability.
4. Limitations on photocopying by schools and libraries. The limited reproduction of portions of works or even of an entire work would be permissible for classroom use but wholesale reproduction would be barred. According to the Senate report, "classroom copying that exceeds the legitimate teaching aims such as filling in missing information or bringing a subject up-to-date, would go beyond the bounds of fair use." According to the bill, libraries would be permitted to reproduce and distribute "not more than one copy or phonorecord" provided the reproduction was not intended for commercial gain, the library was open to the public and the reproduction carried a notice of copyright. Isolated instances of copying would be OK but systematic reproduction, as for branch libraries, would be prohibited.
5. A partial repeal of present exemptions from copyright liability for non-profit performances. The new exemption spelled out in the bill would permit two categories of performances

as teaching aids--classroom and broadcast. Face-to-face performances involving instructors and pupils would still qualify for exemption if they took place in a classroom or general teaching area in a non-profit educational institution. Instructional broadcasting of non-dramatic literary or musical work would also qualify for exemption if it was part of a systematic presentation by a non-profit educational body or government agency and was related to teaching material.

The bill differs in two major respects from that which was presented to the Senate last year and both have been criticized by the arts community.

1. S 22 drops a provision in the 1974 bill that would have brought the U.S. into conformity with most major nations by requiring royalty payments to recording artists for the commercial use of their recorded work by juke box operators, broadcasters and others. A separate bill (S 1111) which would provide such protection for recording artists is still pending in the Senate Committee.

2. S 22 adds a provision allowing public broadcast stations to use, by compulsory license, all non-dramatic literary, musical and pictorial works. Fees would be set by a Copyright Royalty Tribunal. (See Word From Wash. Sept.-Oct. '75.)

The full Senate plans to debate this legislation early in the next session. Then, the battleground will shift to the House where a Judiciary Subcommittee under Rep. Kastenmeier has just concluded hearings and is awaiting Senate action before it writes its bill.

MUSEUM SERVICES ACT REINCARNATED

Frustrated with several unsuccessful attempts in recent years to have Congress legislate a Museum Services Act, backers of the idea have dressed it up in bicentennial garb and, in late October, it was presented to the Senate by Senator Hathaway (D-Maine) as the Bicentennial Era Museum Services Act of 1975. Authorizing \$25 million for the next three years, the bill (S 2569), according to the Senator, "would be used by museums to create special exhibitions, extend the hours they are open, or, in the case of particularly troubled museums, insure that current hours are maintained, hire and retain staff - including security staff, preserve and maintain collections, and develop special training exhibitions and educational programs."

Hathaway cites several differences between his bill and previous legislation on the subject as indicating a new approach:

1. S 2569 is intended to authorize a program of limited duration--"the most integral three-year period of the bicentennial era."

2. Funding will be administered by the National Endowment for the Arts.

3. Museums would be prohibited from using the money on new construction or on new acquisitions for their collections.

The bill has been referred to the Senate Special Subcommittee on the Arts and Humanities chaired by Senator Pell (D-RI).

ATLANTA MAYOR BACKS ACA, BOOSTS ENDOWMENT, SEEKS ART FOR CITIES

Just two weeks before hearings on the Endowment's re-authorization legislation ended before joint meetings of House and Senate committees, Mayor Maynard Jackson of Atlanta wrote each member of the committees endorsing ACA's position on Endowment funding. (See Word From Washington, Sept.-Oct. '75).

Mayor Jackson's letter reads as follows:

"It is the City of Atlanta's earnest hope that the Congress will view favorably the three-year funding authorization for the National Endowment for the Arts as proposed by the Associated Councils of the Arts through the good offices of Mr. Louis Harris. We believe these levels of funding to be entirely justified, in light of the crucial role the arts have come to play in American society, particularly during this period of economic crisis.

If we are concerned for the quality of life in America, we must be concerned for the arts in America. As Mayor of a large city, I am convinced that a broad cultural program is essential to making urban living a good experience for people. We have increased dramatically our local contribution to the arts in the last eighteen (18) months, but we do not have the capacity to meet all of the City's needs.

The arts provide an essential service to which all Americans, regardless of income, race or creed, must be guaranteed access. Just as Congress has acted to support the continued health of those institutions providing basic services, the federal government must provide adequate support to the National Endowment for the Arts in its efforts to ensure the vitality and accessibility of the arts in America.

We respectfully urge you to support the increased level of funding recommended by the Associated Councils of the Arts and Mr. Harris.

Yours for Atlanta,

Maynard Jackson"

CONGRESS GETS FILER COMMISSION VIEWS ON GIFTS TO NON-PROFITS

On December 2, John H. Filer, Chairman of the Commission on Private Philanthropy and Public Needs submitted the report of the Commission to Treasury Secretary William Simon, Chairman Al Ullman (D-OR) of the House Ways and Means Committee and Chairman Russell Long (D-LA) of the Senate Finance Committee. The report, which was personally presented by Mr. Filer on Capitol Hill, was two years in the making and cost some \$2.5 million in privately donated funds.

With Congress due to begin consideration of those portions of the tax code pertaining to charitable giving and non-profit activities, the report comes at a most propitious time.

To increase inducements for private giving, the Commission suggested:

1. Families with incomes of less than \$15,000 a year be given a double deduction for charitable gifts. Thus a \$50 donation would provide a \$100 deduction.
2. Families earning between \$15,000 and \$30,000 be allowed a 150% deduction.
3. Families earning in excess of \$30,000 should be allowed to continue benefitting from current tax provisions. This would include the deduction of the full appreciated value of property donated, a provision that has come under much criticism because (a) it favors collectors over the creators who can only deduct the cost of materials and (b) it favors the wealthy who often give securities or other property over the lower income groups who customarily donate cash.
4. Taxpayers who take the standard deduction should be allowed, in addition, to take their charitable gifts as an itemized deduction.

According to George Romney, a Commission member and former Secretary of Housing and Urban Development, the commission split over the issue of corporate giving. A majority then determined to make no suggestion aside from issuing a plea that corporations increase their rate of giving from the present less than 1% of pre-tax net income to 2% by 1980.

The Commission agreed with present law requiring a minimum pay-out by tax-exempt donor organizations but suggested that the rate of pay-out be reduced for some.

The panel rejected the idea of explicit prohibitions on dealings between foundations and the business interests of their founders, benefactors, or officers. Instead it was urged that such dealings be required by law to be "at arms length." It was suggested that greater tax benefits be granted foundations that changed their Board membership to diminish the influence of the founder or founder's family.

The Filer group condemned restrictions on lobbying imposed on non-profit groups that were not private foundations and asked Congress to permit them "the same freedoms to influence legislation as are granted business corporations and trade associations."

PUBLIC BROADCASTERS WIN LONG RANGE AUTHORIZATION, LOSE APPROPRIATION

An eight-year effort by public broadcasting to win a long-term authorization and appropriation that would insulate it from the pressures of recurring legislative battles brought only a partial victory last month. Congress approved a five-year authorization for the Corporation for Public Broadcasting (CPB) but rejected the all-important five-year appropriation. The publiccasters will still have to return to Congress each year for funding though the House Appropriations Committee has indicated it is willing to consider an initial three-year advance appropriation and annual appropriations thereafter so that public broadcasting would at least have a three-year lead time to plan their programming activities. (See Word From Washington, July-Aug. '75.)

As passed by the Congress, the legislation (HR 6461) authorizes expenditures of up to \$634 million during Fiscal years 1976-80. However, federal funds must be matched by private contributions at the rate of \$2.50 for each \$1.00 of Federal funds.

WORD FROM WASHINGTON: News of the government's role in the arts.

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