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ARTS, HUMANITIES, AND CULTURAL AFFAIRS ACT
OF 1976

APRIL 9, 1976.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. PERKINS, from the Committee on Education and Labor,
submitted the following

REPORT

[To accompany H.R. 12838]

The Committee on Education and Labor, to whom was referred the bill (H.R. 12838) to amend and extend the National Foundation on the Arts and Humanities Act of 1965, to provide for the improvement of museum services, to establish a challenge grant program, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment strikes out all after the enacting clause and inserts in lieu thereof a substitute text which appears in italic type in the reported bill.

PURPOSE

H.R. 12838, as amended, would:

1. Extend support through 1980 for the Arts and Humanities Endowments at authorizations of \$100 million each for fiscal year 1977, \$113.5 million each for fiscal year 1978 and such sums as Congress finds necessary for fiscal years 1979 and 1980.

2. Establish a new Institute of Museum Services in the Department of Health, Education, and Welfare to provide help to museums for exhibits, educational programs, professional curatorial training, conservation of collections, traveling programs, and operating expenses generally. The Institute would be administered by a Director with the advice of a Board broadly representative of all types of museums including museums of science, history, technology and art. The bill authorizes \$15 and \$25 million, respectively, for the first two years of the program 1977 and 1978 and such sums as Congress may determine for 1979 and 1980.

3. Authorize the National Arts Endowment and the National Humanities Endowment to make "challenge grants" of one Federal dollar to match \$3 in private funds to cultural institutions in great need. \$15

million is authorized for the challenge grant program in fiscal year 1977, \$20 million for fiscal year 1978, and such sums as may be necessary for fiscal years 1979 and 1980.

4. Allow the funding of any state humanities council, whether created as a state agency or a voluntary organization, and require that at least \$200,000 per state or 20 percent of all Humanities Endowment monies go to support state humanities programs.

5. Call for the appointment of members of the National Council on Art and the National Council on Humanities to be confirmed with the advice and consent of the Senate.

In addition, there are a number of conforming and technical amendments which would equate the functions of the two Endowments on a more equal basis.

LEGISLATIVE CONSIDERATION

The Subcommittee on Select Education of the House Committee on Education and Labor held joint hearings on H.R. 7216, S. 1800 and related bills with the Special Subcommittee on Arts and Humanities of the Senate Committee of Labor and Public Welfare of the Senate, on November 12, 13 and 14, 1975, in Washington, D.C. In addition, the House Subcommittee on Select Education held hearings on September 24, 25, and 26, and October 31, 1975, in Washington, D.C.; September 27, 1975, in Fort Worth, Texas; November 8, 1975, in Brooklyn, New York; and November 10, 1975, in New York, New York.

The Subcommittee on Select Education thereafter met in mark-up session on the bill H.R. 7216 on March 23, 1976, with the bill being ordered reported with an amendment to the full committee by a unanimous vote of 14-0. A clean bill, H.R. 12838, was thereafter introduced reflecting the Subcommittee action.

The Full Committee on Education and Labor met on April 6, 1976, and ordered reported to the House by a vote of 29-0, the bill H.R. 12838 as amended.

BACKGROUND

The National Foundation on the Arts and Humanities was established in 1965 by Public Law 89-209. The original Act was thereafter amended in 1967 by Public Law 90-348; in 1970 by Public Law 91-346; and in 1973 by Public Law 93-133. The 1965 legislation created the National Foundation on the Arts and Humanities and its two cooperating entities, the National Endowment for the Arts and the National Endowment for the Humanities. The Endowments have Presidentially appointed Chairmen and Councils to oversee the awarding of grants, some of them matching, which the two Endowments are authorized to make. The National Endowment for the Arts and the National Endowment for the Humanities have joint administrative staff who report to both Chairmen.

NATIONAL ENDOWMENT FOR THE ARTS, 1974-76

The Committee applauds the Arts Endowment's ongoing endeavor to bring quality arts to an ever increasing number of Americans—regardless of their geographical location, or economic circumstances.

Regional efforts

To date there are seven regional coordinators assisting many states in undertaking projects on a intercooperative basis through such regional organizations as Western State Arts Foundation, the Upper Mid-West Regional Arts Council, the Mid-America Arts Alliance, and the Southern Federation of State Arts Agencies. Funding for these organizations has more than doubled, from \$806,617 in fiscal year 1974 to \$1,374,000 in fiscal year 1976.

Between February 17 and March 2, 1976, nine regional meetings were held in five different locations to discuss and review basic state arts agency grants; the addition of professional staff to state and regional arts agencies; and increases in money to the Associated Councils on the Arts for seminars, and to the National Association of State Arts Agencies for a national office with a full-time staff.

Among other encouraging activities is an Expansion Arts Contract for Comprehensive Technical Assistance in the amount of \$360,000 to strengthen projects in the areas of economic and artistic need, and to develop 29 regional media centers.

The Committee commends the Endowment's efforts to develop the Museum Exhibition Cooperation program, which provides for loan of, and touring arrangements for collections. It is also encouraging to see that with the increase in funds from \$820,000 in fiscal year 1974 to \$1,600,000 in fiscal year 1976, the number of professional dance companies outside of New York City eligible for participation in the Dance Touring Program have risen from 29 to 57. In a similar effort to make quality drama widely available, the Endowment's Theatre Panel has reached unanimous agreement on the need to develop a touring program.

Public media

The Committee notes with approval that since fiscal year 1974 the Arts Endowment has funded seven series for public television broadcasting beginning this year: Dance in America; Drama by American Authors; Live Performances at Lincoln Center; Women Artists (pending National Council approval); and three American Film Series on Immigrant Film Directors, Blacks in American Film and American Indians in Film.

Finally, noting the increase in public television in American households (from 1974's 42 percent to 1976's 84 percent), the Committee is pleased to report the estimates for audience of dance and drama television series are excellent: drama (21 programs), 50 million viewers, and dance (first series on the Joffrey Company), 3.5 million viewers.

State arts agencies

The testimony received by the Committee highlighted the encouraging growth in the support, scope and quality of State arts agencies created under section 5 of the Act.

The increase in the minimum grant to \$200,000 for each State has had beneficial results. State art agencies have been leaders in providing grants to aid institutions with their operating expenses and developing programming to meet local and community needs.

The Committee is pleased to hear of such innovative State programs as the Contemporary Art Bank in Alaska; the Governor's Challenge

Grant Program in Kentucky and the municipal and county challenge grant program in North Carolina.

Advisory panels

The Committee is aware that professional advisory panels now play a significant role in the Endowment's programming decisions. The panels, which meet several times annually, provide an integral service to the Arts Endowment by reviewing and making recommendations on grant applications before they are considered by the Chairman and the National Council on the Arts. In addition, the panels make recommendations with regard to policies concerning their own program areas for consideration by the National Council on the Arts.

Because of this significant role played by the advisory panels, the Committee urges that there be broad representations from the particular art form for which the panel functions. In addition, the Committee urges frequent rotation of the panel members in order to foster a greater involvement of the public in the decision-making process of the Endowment.

AMERICAN FILM INSTITUTE (AFI)

The Committee is pleased to acknowledge the American Film Institute's accomplishments and growth over the last three years; in particular, the success of the AFI in developing a broader base of support. The AFI's private fundraising doubled between 1973 and 1975, and self-generated revenue for the Institute grew during the period 1973-1976 from \$922,600 to \$2,370,375. During this same period, the Committee notes that grants from the National Endowment for the Arts (NEA) increased from \$1,100,000 to only \$1,290,000. The Committee commends the AFI for its highly successful efforts in securing private matching funds, achieving in recent years better than a dollar for dollar match.

Analysis of growth of American Film Institute self-generated revenue

AFI self-generated revenue:

Fiscal year:	
1973	----- \$922,600
1974	----- 1,327,400
1975	----- 1,861,360
1976	----- ¹ 2,370,375

NEA general grant:

Fiscal year:	
1973	----- 1,100,000
1974	----- 1,100,000
1975	----- 1,100,000
1976	----- 1,290,000

¹ Estimated.

In testimony before the Committee, George Stevens, Jr., Director of the American Film Institute, noted that the recent programs and activities of the AFI, include:

- the preservation of more than 12,500 motion pictures through its collection at the Library of Congress, work which will ensure the safety of a large portion of America's film heritage;
- the compilation of the AFI catalogue, a partially completed,

projected 19-volume series which will document every feature film produced in the United States since 1893;

training and education in filmmaking at the Institute's Center for advanced Film Studies in Beverly Hills, California, in which more than 1000 young professionals participated in the past year;

special internships for aspiring film directors to work with established professionals;

a pilot training program designed to aid women already working in motion pictures to gain the experience needed to achieve positions as film directors;

the Independent Filmmaker Grants program which has provided support to over 150 filmmakers since 1968;

the publication of the monthly "American Film: Journal of the Film and Television Art", and a biennial "Guide to College Courses in Film and Television";

the operation of the AFI Theatre in the John F. Kennedy Center for the Performing Arts as a gallery of film showing over 600 motion pictures a year, and offering an outreach program of assistance to regional theatres in exhibiting special film programs.

The Committee reviewed the history of the American Film Institute which was created by the National Endowment for the Arts in 1967 to fill a void in the motion picture and television arts. The AFI is the only agency created by the Arts Endowment and, therefore, particular attention has been given by the Committee to the AFI's organizational status and funding. The Committee is aware that the AFI's existence depends on combined governmental and private funding. The growth of non-government funding in which the AFI has shown substantial progress, is necessary to fulfill the original concept of a national film institute supported by a combination of Arts Endowment and private monies. The Committee is pleased with the constructive steps taken by NEA and AFI toward achieving stable government and private support and encourages NEA to create a multi-year funding formula which will provide AFI the stability the Institute needs to attract private funding and appropriate growth.

NATIONAL ENDOWMENT FOR THE ARTS,
Washington, D.C., February 27, 1976.

HON. JOHN BRADEMAS,
Chairman, Subcommittee on Select Education, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This letter conveys our recognition of the significant progress that the American Film Institute has made in advancing the art of film, and informs you of our current plans, which we are confident will result in an effective relationship between our agencies to advance mutual goals.

Both the Institute and the Endowment are pleased with the results of the Institute's growth over the last eight years and with the Endowment's contributions to its purposes. We both believe that the Institute has an important role to play in encouraging American film and television. At the same time we both recognize the magnitude of the job to be done and the many difficulties involved. We realize the benefit of our working closely together and also the great importance of our working cooperatively with others.

With the support of Senator Pell and Congressman Brademas and their respective committees, we feel that the National Council on the Arts and the American Film Institute's Board of Trustees are assisting us to move in the right direction. We, of course, need also to work in concert with the Appropriations committees in both houses, and believe we are doing so.

The issues faced by the Endowment and the Institute are not simple, but we will try to state them simply.

The American Film Institute has a leadership and catalytic role to play in the development of film and television in this country. The Endowment recognizes this role and is committed to work with the Institute in fulfilling it.

To achieve its purposes, the Institute requires a long-range plan of stable funding. This will provide it with the opportunity to develop long-range programs and services. The Institute needs a continuity and dependability of support, both government and private. The Institute has done remarkably well in developing a broader base of support in recent years, and the National Council on the Arts is both pleased and anxious to encourage this progress.

The Endowment and the Institute need to improve and strengthen their joint planning capacities and to develop a more efficient and effective review process for the Institute's grant and contracts.

To address these issues, we have, on the recommendation of the National Council on the Arts and after extensive consultation among our respective staffs and with the Institute's Board of Trustees, developed the following procedures:

(1) An advance funding plan whereby the Institute will develop a five-year planning budget and program;

(2) An advance commitment plan whereby the Endowment will act on the Institute's annual budget application nine months prior to the beginning of the Institute's fiscal year;

(3) As part of a restructuring of the Endowment's Public Media advisory system, a General Programs subpanel is being established, composed of leading professionals in the film and television fields. This subpanel will review all the Institute's applications for new and expanded programs and contracts annually, and will review ongoing Institute programs in three-year cycles;

(4) A project manager has been appointed to administer the Endowment's responsibilities with the Institute and to coordinate the work of the subpanel; and

(5) In addition, the Endowment and the Institute are exploring other procedural changes, including alternative ways to incorporate multi-year grants and contracts in the application and review process.

We both believe that when the procedures already agreed upon and those now being considered are fully implemented, the issues mentioned above will to a great measure have been successfully addressed.

Sincerely yours,

NANCY HANKS,
Chairman, National Endowment for the Arts.

GEORGE STEVENS, JR.,
Director, American Film Institute.

Enclosure.

Memorandum on the Status of the Relationship

In July of 1975, the staffs of the National Endowment for the Arts and the American Film Institute developed the following list of major areas of mutual concern: (1) Stability of support; (2) Institutional standing; (3) Ability to plan; (4) Level of support (rate of increase); (5) Fairness of review; (6) Clarification of the purpose of the review; (7) Clarification of information required to perform review; (8) Reduction of the administrative burden on both the AFI and the Endowment caused by the review; and (9) Clarification of the programmatic and administrative roles of AFI and Endowment in carrying out the contracts and grants.

After considerable discussion at its July 25-27, 1975 meeting, the National Council on the Arts recommended several ways in which the Endowment and the AFI can work effectively toward the resolution of these concerns. The proposals of the Council were explored in depth with the staff of the Institute; these discussions have resulted in a number of specific steps toward major procedural changes. All of these changes are in accord with the normal Endowment practices and the operational responsibilities and schedules of the AFI. These steps are outlined below:

1. *Advance Funding.*—As a first step toward moving into an advance planning situation, the Council agreed that the Arts Endowment should utilize the transition period appropriation to fund the 1977 budget. Hereafter, the staff and panel review process for the AFI application will begin in October. The following September the Council is to review the application for the year beginning the next July. Under this schedule planning for fiscal 1978 begins now and the Council plans to review that application in September 1976. This decision was made to increase the stability of funding and to facilitate AFI's capacity to plan ahead. This will also help the Endowment incorporate the AFI's need into its budget planning which takes place in the fall for the fiscal year beginning the following July.

Action Taken.—The application for the AFI's 1977 fiscal year was taken to the September Council meeting and the Council recommended support of the grant request at \$1,400,000, recognizing that the funds would be provided from the Endowment "Transition Quarter" monies which would be available July 1, 1976. The Council also expressed a willingness to consider fiscal 1977 request for support of "new and augmented" programs at a later date.

Although the Endowment has informed the AFI of this recommendation, the final action on this grant and the Council's consideration of new and expanded programs for 1977 have been postponed until the implications of the 1976 Appropriations Conference Report can be resolved. The application for AFI's 1978 fiscal year is due to be submitted to the Endowment this spring and will be reviewed by the Council in September 1976.

2. *Panel Structure.*—The Public Media Program's panel structure has been completely reorganized to broaden its advisory capacity for the varied aspects of the Program.

Four subpanels are being set up with strong expertise in various areas. One subpanel will handle applications submitted under the Programming in the Arts category of Public Media; another sub-

panel will handle Media Studies; another, Regional Development; and another, General Programs. This latter subpanel will be composed of individuals of stature from the film and media community and will review all AFI applications and make recommendations to the Council.

The General Programs Panel is to handle all applications that do not fall into specific program guidelines. However, whenever applications submitted under the General Programs category are more specifically within the realm of expertise of one of the other subpanels, the Public Media Staff will distribute the applications for review accordingly.

In addition, a planning panel will be set up composed of representatives of each of the four subpanels as well as other top experts in the field. The reorganization should improve the quality of advice that the Public Media Program receives on all of its programs' activities. It will also allow for greater specialization and thereby increase each subpanel's familiarity with all the grants being reviewed. The changes should reduce the burden of review on all the panelists and enable them to do a better job.

Action Taken.—The Endowment is currently interviewing and selecting individuals for all these new panels. The list of potential panel members for the General Programs Panel was developed with the help of Council Member Robert Wise. Interviews with these individuals have taken place and the first panel meeting is planned for late March.

3. *Review Procedures.*—The panel's review of AFI will take place in the context of 5-year plans updated annually, and will separate the ongoing activities from the new and expanded programs. The new and expanded programs will be renewed annually by the panels. The ongoing activities will be reviewed by the panels in 3-year cycles, using consultants as necessary.

These procedures should: a) improve the stability and continuity of support and review; b) increase the AFI's capacity to plan; c) provide a thorough review; d) lead to a more clearly defined set of criteria under which the AFI is being reviewed; and e) improve the coordination of the activities of the AFI and the activities of other grantees of the Endowment.

The cyclical review pattern should also lead to a lessening of the administrative burden on both the AFI and the Endowment and provide a multi-year approach that facilitates continuity.

4. *Project Manager.*—Critical to the implementation of the new review procedures is the hiring of an individual who can work very closely with the AFI in the development and review of the annual grant and contract applications. This individual will work in the Public Media Program and will have full responsibilities for all activities relating to the AFI grants and contracts. This individual will be able to work with the AFI to clearly define the information that the panel needs to review the applications, will develop procedures for a more efficient and effective processing of grants thereby reducing the administrative problems, will keep the Chairman informed on activities related to the AFI, and will be able to responsively resolve questions concerning the AFI and the Endowment in the administration of the contracts and grants.

Action Taken.—On January 29, 1976, Mr. James Backas, former executive director of the Maryland State Arts Council, began a contract to carry out the functions described above. He has already gone to California to review the operations of AFI's Center for Advanced Film Studies and to interview potential members of the General Programs Panel.

The American Film Institute, the Arts Endowment, and the National Council on the Arts realize that the plans developed thus far to address areas of mutual concern must be implemented. We are currently exploring alternative approaches to multi-year funding, and realize the need to continue exploring the desirability of still further procedural changes to enhance an effective working relationship. However, we are all pleased with the initiatives to date.

NANCY HANKS,
Chairman, National Endowment for the Arts.
GEORGE STEVENS, JR.,
Director, American Film Institute.

NATIONAL ENDOWMENT FOR THE HUMANITIES, 1974-76

During the past three years the National Endowment for the Humanities (NEH) has acted to: direct the attention of persons and institutions involved in the humanities to questions of pressing social concern; expand traditional concepts to increase participation in the humanities by all sectors of the population; and facilitate the use of humanistic knowledge so that American scholarships may secure the foundation of public and educational programs.

The Committee is pleased to acknowledge a number of accomplishments by the Humanities Endowment.

The NEH State-based Programs have become operational in all 50 states (and by the end of this fiscal year will include the 5 territories). This year, alone, these programs will involve thousands of local and statewide projects reaching over 31 million Americans, directly and through the media, and focusing public attention on broad problems such as economic growth, land use, and citizen responsibility.

As a major contribution to a serious observance of the Bicentennial, the NEH-developed American Issues Forum program has been adopted by thousands of civic, educational, media, religious, and professional and labor groups across the country. The majority of these efforts are being carried out without Federal support, providing an excellent example of Federal leadership and seed money.

NEH has equalled the British Broadcasting Corporation's challenge of quality educational and cultural television. The Adams Chronicles, the largest historical series ever produced by American television (and the largest series of any kind undertaken by public television), supported from its beginning by NEH, was broadcast in early 1976 to millions, receiving critical and public acclaim, and incorporated into the curriculum of hundreds of schools and colleges around the country.

Outstanding museum exhibitions (like the Chinese Archeological, Scythian Gold, and French Impressionists exhibitions) have been brought from abroad to be viewed by millions of Americans while scores of American museums have received NEH aid in mounting ex-

hibitions and conducting educational programs on national and regional culture.

The Endowment has given special attention to non-traditional study of the humanities, like the "Courses by Newspaper" project, which offers newspaper readers across the Nation an opportunity to take actual college-level courses. Just initiated at the time of the last reauthorization, the program continues to flourish and is now carried free in over 430 newspapers, reaching nearly one out of every four Americans.

NEH research and fellowship awards, which have offered continuing support for the discovery of basic humanistic knowledge, have increasingly aided work on problems of national concern, like the ethical questions relating to biological and medical advances, the background of our urban and racial problems, the questions relating to our environment and the quality of American life.

MAJOR PROVISIONS OF H.R. 12838 AS AMENDED

STATE HUMANITIES COUNCILS

H.R. 12838, as amended, authorizes the National Endowment on the Humanities to provide grants to state humanities councils, whether created as state agencies or as voluntary organizations. This assistance is intended to help state humanities councils develop adequate programs within their various jurisdictions. The assurance of a minimum of Federal funds available to states for these purposes should provide the state programs with a greater degree of stability. Each state would be entitled to \$200,000 or 20 percent of any monies appropriated for the Humanities Endowment. H.R. 12838, as amended also provides that the state humanities councils should rotate their memberships in order to assure a broad public representation and to encourage coordination of the program's activities with responsible officials and other appropriate agencies in each state.

NATIONAL COUNCIL ON THE ARTS AND NATIONAL COUNCIL ON THE HUMANITIES

H.R. 12838 as amended provides that the members of the National Councils on the Arts and the Humanities shall be appointed by the President, with the advice and consent of the Senate. The Committee wishes to stress that in order for the Council to be truly representative of the arts and the humanities, it should be aware of all relevant viewpoints. The Committee, therefore, strongly urges that any imbalances presently existing on the Councils be corrected when nominations are next considered for the National Council on the Arts and the National Council on the Humanities.

MUSEUM SERVICES

Purpose

The Museums Services Act, Title II of H.R. 12838 as amended, will provide funds to museums of every kind to support both the programs and operating expenses of these institutions. Monies will be available for a variety of activities, including the improvement of exhibits, administrative costs, staff training, education programs, con-

servation and the development of special programs. The measure is intended to assist museums in their educational role, to encourage the modernization of their facilities and procedures and to ease the general financial burdens experienced by museums.

The legislation establishes a new Institute of Museum Services in the Department of Health, Education, and Welfare, to be administered by a Director with the advice of a Board. The members of the Board must be broadly representative of various museums, including those devoted to science, history, technology and art as well as zoos and botanical gardens. The fifteen-member Board will also include representatives of the curatorial, educational and cultural resources of the nation and the general public. The Director, Deputy Director and the Board will be appointed by the President with the advice and consent of the Senate.

H.R. 12838 as amended provides authorizations of \$15 million and \$25 million for fiscal years 1977 and 1978, respectively, and such sums as Congress may determine for 1979 and 1980 to carry out this new program.

Background

Over the past four years, the Committee has been studying the changing role of museums in American life and the financial situation of museums in this country. In 1972, 1974 and 1975 the Committee conducted extensive hearings on the subject of museum services in Washington, D.C.; Chicago, Ill.; Los Angeles, California; San Francisco, Calif.; Boston, Mass.; Fort Worth, Texas; Brooklyn, N.Y. and New York, N.Y.

Role of museums

In its examination of the role of museums in our society, the Committee found that the pressures, both of an increasing population and the rising interest of Americans of all kinds in seeing works of art, historic objects and scientific collections in American museums, have pushed museums to their limits in meeting the rising costs of their services. Museums have moved into communities in new ways and are building new audiences. For example, "Museums U.S.A.", a survey conducted by the National Endowment for the Arts in fiscal years 1971 and 1972, stated that 31 per cent of all museums had developed programs to attract senior citizens, and 27 per cent had made efforts to attract economically disadvantaged groups.

In examining the changing role of museums, the Committee found that museums are no longer regarded simply as the depositories of the past but as growing centers of learning making positive contributions to the communities of which they are a part. A 1974 Lou Harris poll indicated that 90 per cent of the public agrees that museums are an important resource for the whole community. A majority of the public, in the same poll, chose museums over dance, plays and opera as those activities which are important for young people to attend.

Financial strains on museums

The Committee observes that the increased requests for services, especially educational services, have been creating financial strains on our museums and that increased costs for training staff, guards, guides,

acquisitions, maintenance, exhibits and buildings have stretched the financial resources of many institutions.

A report made on September 27, 1975, by the Council on Foundations to the National Council on the Arts called attention to the severe financial strains confronting the museums sampled in a survey on the relative impact of inflation on the arts:

For some museums the future will be truly problematic if municipal support continues to be cut and endowment income fails. (Even now the growth rate of this income seldom equals that of inflation.) The situation as a whole must still be judged "stable," but it is a stability fraught with unstable variables, any one of which could seriously damage or compromise the integrity of the museums in the sample and their counterparts elsewhere.

The rise in expenditures of museums has necessitated cutbacks in services, staff or facilities in over one-third of the nation's museums. Sixty-six per cent of all museum directors questioned in the "Museums U.S.A." survey agreed that their current operating budgets did not permit full utilization of facilities, exhibits, collections, staff and other museum resources.

Federal role in museum support

Witnesses testifying at hearings before the Committee have stated that the only possible source for additional assistance for the operating needs of museums is the Federal government.

Based on the Committee's extensive study of this problem, the Committee recommends that the Federal government should provide significant support to enable all types of museums to meet their responsibilities. In fact, the Federal government currently contributes only a small portion to the total support of the operating costs of American museums. The study, "Museums U.S.A.," noted that among the sources of income to museums, the Federal government provided 12 percent of the total income for the 1,821 museums, but that 78 percent of that Federal money went to Federal museums.

The NEA survey also showed that more Americans visit science museums and history museums than museums devoted to art. Of the total number of visits made to museums, the study recorded that 38 percent were to science museums, 24 percent were to museums of history and 14 percent to art museums.

The Committee applauds the efforts of both Endowments over the past few years in assisting museums with grants for "special projects" such as exhibitions, training and fellowships for museum professionals, renovation of buildings for improved security and climate control, purchase of objects and artifacts and conservation of collections and with the passage of H.R. 12838 as amended, expects that there will be no lessening of the financial assistance and effort of the Endowments to extend this important support to museums. Most of their concern has been for museums of history and art and are limited to "special projects." The proposal contained in H.R. 12838 as amended would support a broader purpose. Assistance under the Museums Services Act would concentrate on operating programs as opposed to "special projects." In addition, support would be available to

all types of museums including those of technology, science, art and history, and to zoos and botanical gardens as well.

CHALLENGE GRANT PROGRAM

H.R. 12838 as amended authorizes the Chairman of the National Endowment for the Arts and the National Endowment for the Humanities to establish a program of challenge grants to cultural institutions in great need.

The grants, which may be in the form of contracts and grants-in-aid to public agencies and private non-profit organizations, are intended for the following purposes: (1) To enable cultural institutions to raise their levels of financial support; (2) To provide for the improvement of the administration and management of cultural institutions; (3) To aid cultural organizations in increasing audience participation in, and appreciation of, their various programs; (4) To stimulate greater cooperation among cultural organizations; and (5) To foster greater citizen involvement in planning the cultural development of a community.

The program would provide that every Federal dollar expended under the challenge grant program must be matched by three non-Federal dollars.

The Committee has also made provision for the transfer between Endowments of funds for the challenge grant program not totally expended by one or the other. Funds available to either of the two Endowments under this section may be transferred to the other with the mutual agreement of both Endowments.

The Committee by inclusion of this new provision recognizes the necessity of broadening the range and enlarging the number of sources of financial support for cultural institutions of quality. In addition, it is important to increase the levels of support, thus creating a more effective private-public sector partnership in cultural activities.

The Endowments' expenditures in their first decade have been a significant catalyst to generating new and increased funding as well as maintaining ongoing support from other public and private sources. Indeed, the ability of cultural organizations to generate matching funds for Endowment grants has been a welcome sign of those organizations' effectiveness and the public's growing appreciation of the importance of the arts and humanities. Rather than dominating, Federal funds have been a way to help insure the pluralism of support essential to the vitality of cultural pursuits. This pluralism grows ever more important as the number of cultural institutions increases and participation in their activities extends more widely among our citizens.

In this regard, the Committee has been particularly interested in the Arts Endowment's efforts over the past few years with the use of challenge grants to assist cultural organizations in raising new or increased funds. To a lesser extent, this is also true of the Humanities Endowment.

The new Challenge Grant program will enable the Arts and Humanities Endowments to develop a more flexible program for quality cultural and humanities institutions. While, the principal objective of this new authority will be to raise levels of continuing financial support,

the Committee also recommends that grants and contracts be used to encourage recipients to improve long-range programming, audience and financial development planning; and to work together more effectively at the community level in bringing their services to a wider audience. \$15 and \$20 million, respectively, are authorized for fiscal years 1977 and 1978 and such sums as necessary for fiscal year 1979 and 1980:

COST ESTIMATE

In compliance with clause 7 of the Rule XIII of the Rules of the House, the Committee estimates the following costs will be incurred in carrying out the provisions of H.R. 12838 as amended:

H.R. 12838 as amended (Public Law)	1976		1977 request	H.R. 12838, as amended			
	Authori- zation	Appro- priation		1977	1978	1979	1980
Title I:							
Endowment for arts.....	113.5	74.5	87.0	100.0	113.5	(1)	(1)
Endowment for humanities.....	113.5	72.0	87.0	100.0	113.5	(1)	(1)
Matching grants.....	25.0	15.0	15.0	20.0	25.0	(1)	(1)
Title II: Institute of Museum services.....				15.0	25.0	(1)	(1)
Title III: Challenge grants.....				15.0	20.0	(1)	(1)
Totals.....	252.0	161.5	189.0	250.0	297.0	(1)	(1)

¹ Such sums as are necessary.

Note.—With regard to the funding of title I, II, and III, such sums as are necessary are authorized for fiscal years 1979 and 1980. It would be the committee's expectation that moneys available in these 2 fiscal years would be no less than the amount appropriated for fiscal year 1978.

BUDGET STATEMENT

In accordance with Rule XI of the Rules of the House of Representatives the Congressional Budget Office has submitted the following report:

CONGRESS OF THE UNITED STATES,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., April 6, 1976.

Hon. JOHN BRADEMAs,
Chairman, Subcommittee on Select Education, Committee on Education and Labor, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for H.R. 12838, a bill to amend and extend the National Foundation for the Arts and Humanities Act of 1965, to provide for the improvement of museum services, to establish a challenge grant program, and for other purposes.

Should the Committee so desire, we would be pleased to provide further details on the attached cost estimate.

Sincerely,

ALICE M. RIVLIN, Director.

Attachment.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill Number: H.R. 12838.
2. Bill Title: To amend and extend the National Foundation on

TITLE II—MUSEUM SERVICES

SHORT TITLE

Section 201 of the bill provides that title II of the bill may be cited as the "Museum Services Act".

PURPOSE

Section 202 provides that it is the purpose of title II to (1) encourage and assist museums in their educational role, in conjunction with formal and informal educational systems; (2) assist museums in modernizing their methods and facilities; and (3) ease the financial burdens experienced by museums.

INSTITUTE OF MUSEUM SERVICES

Section 203 establishes within the Department of Health, Education, and Welfare an Institute of Museum Services (hereinafter in this explanation referred to as the "Institute"). The Institute consists of a National Museum Services Board (hereinafter in this explanation referred to as the "Board") and a Director of the Institute (hereinafter in this explanation referred to as the "Director").

NATIONAL MUSEUM SERVICES BOARD

Section 204(a) provides that the Board will consist of 15 members appointed by the President, by and with the advise and consent of the Senate. The members of the Board must be broadly representative of (1) various museums, including museums relating to science, history, technology, and art, and also including zoos and botanical gardens; (2) the curatorial, educational, and cultural resources of the United States; and (3) the general public.

Section 204(b) provides that the members of the Board shall serve for terms of 5 years, except that (1) a member appointed to fill a vacancy shall serve only for the unexpired term of his predecessor; and (2) of the members first appointed, 3 shall serve for terms of 4 years, 3 shall serve for terms of 3 years, 3 shall serve for terms of 2 years, and 3 shall serve for terms of 1 year, as designated by the President at the time of nomination for appointment.

Subsection (b) also provides that a member of the Board who has served for more than 7 consecutive years shall not be eligible for reappointment to the Board during the 3-year period immediately following the expiration of the last such consecutive year.

Section 204(c) provides that the Chairman of the Board shall be designated by the President from among the members of the Board. Eight members of the Board shall constitute a quorum.

constitute a quorum.

Section 204(e) permits members of the Board who are not regular full-time employees of the United States to receive compensation at a rate to be fixed by the President. The rate of compensation, however, may not exceed the rate specified for grade GS-18 in section 5332 of title 5, United States Code, including travel time. Members of the Board are allowed travel expenses, including per diem in lieu of subsistence as authorized by section 5703 of title 5, United States Code, for persons employed in the service of the Federal Government.

Section 204(f) gives the Board the responsibility for establishing general policies regarding the powers, duties, and authorities vested in the Institute under title II of the bill. The Director is required to make available to the Board such information and assistance as may be necessary to enable the Board to carry out its functions.

DIRECTOR OF THE INSTITUTE

Section 205(a) provides that the Director of the Institute shall be appointed by the President, by and with the advice and consent of the Senate. The Director shall serve at the pleasure of the President. The Director is required to perform such duties and exercise such powers as the Board may prescribe.

Section 205(b) provides for a Deputy Director of the Institute appointed by the President. The Deputy Director is required to exercise such powers as the Director may prescribe, and is required to serve as Director during the absence or disability of the Director, or in the event of a vacancy in the office of Director.

ACTIVITIES OF THE INSTITUTE

Section 206(a) permits the Director (with the advice of the Board) to make grants to museums to increase and improve museum services through such activities as (1) programs for the construction of displays and exhibitions; (2) assistance for staff development; (3) assistance regarding administrative costs; (4) assistance regarding the development of traveling exhibitions; (5) assistance regarding the conservation of artifacts and art objects; and (6) assistance regarding the development of specified programs.

Section 206(b) provides that grants made under section 206 may not exceed 75 percent of the cost of the program involved.

CONTRIBUTIONS

Section 207 gives the Institute the authority to accept grants, gifts, and bequests of money in the name of the United States.

FUNCTIONS OF FEDERAL COUNCIL ON THE ARTS AND HUMANITIES

Section 208 amends section 9(c) of the Act to require the Federal Council on the Arts and Humanities to advise and consult with the Board and with the Director on major problems arising in carrying out the purposes of the Institute. Such Council is also required to coordinate the policies and operations of the Institute with the policies and operations of the National Endowment for the Arts and the National Endowment for the Humanities. Such Council is also required to promote coordination between the programs and activities of the Institute and related programs and activities of other Federal agencies.

AUTHORIZATION OF APPROPRIATIONS

Section 209(a) authorizes the following amounts for grants under section 206(a): \$15,000,000 for fiscal year 1977, \$25,000,000 for fiscal year 1978, and such sums as may be necessary for fiscal years 1979 and 1980.

Section 209(b) authorizes to be appropriated for the period beginning on the date of enactment of the bill and ending October 1, 1978, an amount equal to amounts contributed to the Institute during such period under section 207.

Amounts appropriated under section 209(b) shall be used for the purpose of enabling the Institute to carry out its functions under title II.

DEFINITION

Section 210 defines the term "museum" to mean a public or private nonprofit agency organized for essentially educational and aesthetic purposes which (through the use of professional staff) owns or uses tangible objects, cares for such objects, and exhibits such objects to the public on a regular basis.

TITLE III—CHALLENGE GRANT PROGRAM

ESTABLISHMENT OF PROGRAM

Section 301 amends the Act by adding a new section 12. Section 12(a) permits the Chairman of the National Endowment for the Arts and the Chairman of the National Endowment for the Humanities, with the advice of the National Council on the Arts and the National Council on the Humanities, to establish a program of contracts with, or grants-in-aid to, public agencies and private nonprofit organizations.

The contracts and grants-in-aid shall be for the purpose of (1) enabling cultural organizations to increase levels of support and increase the range of contributors; (2) providing administrative and management improvements for cultural organizations; (3) enabling cultural organizations to increase audience participation in, and appreciation of, programs sponsored by such organizations; (4) stimulating greater cooperation among cultural organizations; and (5) fostering greater citizen involvement in planning the cultural development of a community.

Section 12(b) limits the total amount of any payment under section (12) to 50 percent of the cost of the program involved.

Section 12(c) provides that the Chairman of the National Endowment for the Arts and the Chairman of the National Endowment for the Humanities shall, in carrying out the program under section 12, have the same authority as is established in section 10 of the Act.

AUTHORIZATION OF APPROPRIATIONS

Section 302 amends section 11(a) of the Act to authorize to be appropriated for each fiscal year ending before October 1, 1981, an amount equal to the amounts received by the National Endowment for the Arts and the National Endowment for the Humanities for the purposes set forth in section 12(a) of the Act. The amendment, however, establishes the following ceilings for such authorization: \$15,000,000 for fiscal year 1977, and \$20,000,000 for fiscal year 1978. Such sums as may be necessary are authorized for fiscal years 1979 and 1980. The amendment also provides that sums appropriated for any fiscal year shall remain available for obligation and expenditure until expended, and that sums available to one Endowment may be transferred to the other Endowment upon mutual agreement by the Endowments.

CHANGES IN EXISTING LAW MADE BY THE BILL

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new material is printed in *italic*, existing law in which no change is proposed is shown in roman) :

NATIONAL FOUNDATION ON THE ARTS AND HUMANITIES ACT OF 1965

* * * * *

ESTABLISHMENT OF THE NATIONAL ENDOWMENT FOR THE ARTS

SEC. 5. (a) There is established within the Foundation a National Endowment for the Arts.

(b)(1) The Endowment shall be headed by a chairman, to be known as the Chairman of the National Endowment for the Arts, who shall be appointed by the President, by and with the advice and consent of the Senate.

(2) The term of office of the Chairman shall be four years and the Chairman shall be eligible for reappointment. The provisions of this subsection shall apply to any person appointed to fill a vacancy in the office of Chairman. Upon expiration of his term of office the Chairman shall serve until his successor shall have been appointed and shall have qualified.

(c) The Chairman, with the advice of the National Council on the Arts, is authorized to establish and carry out a program of contracts with, or grants-in-aid to, groups, or, in appropriate cases, individuals of exceptional talent engaged in or concerned with the arts,

for the purpose of enabling them to provide or support [in the United States]—

(1) projects and productions which have substantial artistic and cultural significance, giving emphasis to American creativity and the maintenance and encouragement of professional excellence;

(2) projects and productions, meeting professional standards of authenticity, irrespective of origin, which are of significant merit and which, without such assistance, would otherwise be unavailable to our citizens for geographic or economic reasons;

(3) projects and productions that will encourage and assist artists and enable them to achieve wider distribution of their works, to work in residence at an educational or cultural institution, or to achieve standards of professional excellence;

(4) workshops that will encourage and develop the appreciation and enjoyment of the arts by our citizens;

(5) other relevant projects, including surveys, research, planning, and publications relating to the purposes of this subsection. In the case of publications under clause (5) of this subsection such publications may be supported without regard for the provisions of section 501 of title 44, United States Code, only if the Chairman consults with the Joint Committee on Printing of the Congress and the Chairman submits to the Committee on Labor and Public Welfare of the Senate and the Committee on Education and Labor of the House of Representatives a report justifying any exemption from such section 501.

(d) No payment may be made to any group under this section except upon application therefor which is submitted to the National Endowment for the Arts in accordance with regulations and procedures established by the Chairman.

(e) The total amount of any grant to any group pursuant to subsection (c) of this section shall not exceed 50 per centum of the total cost of such project or production, except that not more than 20 per centum of the funds allotted by the National Endowment for the Arts for the purposes of subsection (c) for any fiscal year may be available for grants and contracts in that fiscal year without regard to such limitation.

(f) Any group shall be eligible for financial assistance pursuant to this section only if (1) no part of its net earnings inures to the benefit of any private stockholder or stockholders, or individual or individuals, and (2) donations to such group are allowable as a charitable contribution under the standards of subsection (c) of section 170 of the Internal Revenue Code of 1954.

(g)(1) The Chairman, with the advice of the National Council on the Arts, is authorized to establish and carry out a program of grants-in-aid to assist the several States in supporting existing projects and productions which meet the standards enumerated in section 5(c) of this Act, and in developing projects and productions in the arts in such a manner as will furnish adequate programs, facilities, and services in the arts to all the people and communities in each of the several States.

(2) In order to receive assistance under this subsection in any fiscal

year, a State shall submit an application for such grants at such time as shall be specified by the Chairman and accompany such applications with a plan which the Chairman finds—

(A) designates or provides for the establishment of a State agency (hereinafter in this section referred to as the "State agency") as the sole agency for the administration of the State plan, except that in the case of the District of Columbia, the Recreation Board, or any successor designated for the purpose of this Act by the Commissioner of the District of Columbia, shall be the "State agency";

(B) provides that funds paid to the State under this subsection will be expended solely on projects and productions approved by the State agency which carry out one or more of the objectives of subsection (c); and

(C) provides that the State agency will make such reports, in such form and containing such information, as the Chairman may from time to time require.

(3) Of the sums available to carry out this subsection for any fiscal year, each State which has a plan approved by the Chairman shall be allotted at least \$200,000. If the sums appropriated are insufficient to make the allotments under the preceding sentence in full, such sums shall be allotted among such States in equal amounts. In any case where the sums available to carry out this subsection for any fiscal year are in excess of the amount required to make the allotments under the first sentence of this paragraph—

(A) the amount of such excess which is no greater than 25 per centum of the sums available to carry out this subsection for any fiscal year shall be available only to the Chairman for making grants under this subsection to States and regional groups, and

(B) the amount of such excess, if any, which remains after reserving in full for the Chairman the amount required under clause (A) shall be allotted among the States which have plans approved by the Chairman in equal amounts but in no event shall any State be allotted less than \$200,000.

(4) (A) *The amount of each allotment to a State for any fiscal year under this subsection shall be available to each State, which has a plan approved by the Chairman in effect on the first day of such fiscal year, to pay not more than 50 per centum of the total cost of any project or production described in paragraph (1).* The amount of any allotment made under paragraph (3) for any fiscal year which exceeds \$125,000 shall be available, at the discretion of the Chairman, to pay up to 100 per centum of such cost of projects and productions if such project and productions would otherwise be unavailable to the residents of that State: *Provided*, That the total amount of any such allotment for any fiscal year which is exempted from such 50 per centum limitation shall not exceed 20 per centum of the total of such allotment for such fiscal year.

(B) Any amount allotted to a State under the first sentence of paragraph (3) for any fiscal year which is not obligated by the State prior to 60 days prior to the end of the fiscal year for which such sums are appropriated shall be available for making grants to regional groups.

(C) Funds made available under this subsection shall not be used to supplant non-Federal funds.

(D) For the purpose of paragraph (3) and paragraph (4) of this section the term "regional group" means any multi-State group, whether or not representative of contiguous States.

(5) All amounts allotted or made available under paragraph (3) for a fiscal year which are not granted to a State during such year shall be available at the end of such year to the National Endowment for the Arts for the purpose of carrying out section 5(c).

(h) Whenever the Chairman, after reasonable notice and opportunity for hearing, finds that—

(1) a group is not complying substantially with the provisions of this section;

(2) a State agency is not complying substantially with terms and conditions of its State plan approved under this section; or

(3) any funds granted to a group or State agency under this section have been diverted from the purposes for which they are allotted or paid,

the Chairman shall immediately notify the Secretary of the Treasury and the group or State agency with respect to which such finding was made that no further grants will be made under this section to such group or agency until there is no longer any default or failure to comply or the diversion has been corrected, or, if compliance or correction is impossible, until such group or agency repays or arranges the repayment of the Federal funds which have been improperly diverted or expended.

(i) It shall be a condition of the receipt of any grant under this section that the group or individual of exceptional talent or the State or State agency receiving such grant furnish adequate assurances to the Secretary of Labor that (1) all professional performers and related or supporting professional personnel (other than laborers and mechanics with respect to whom labor standards are prescribed in subsection (j) of this section) employed on projects or productions which are financed in whole or in part under this section will be paid, without subsequent deduction or rebate on any account, not less than the minimum compensation as determined by the Secretary of Labor to be the prevailing minimum compensation for persons employed in similar activities; and (2) no part of any project or production which is financed in whole or in part under this section will be performed or engaged in under working conditions which are unsanitary or hazardous or dangerous to the health and safety of the employees engaged in such project or production. Compliance with the safety and sanitary laws of the State in which the performance or part thereof is to take place shall be prima facie evidence of compliance. The Secretary of Labor shall have the authority to prescribe standards, regulations, and procedures as he may deem necessary or appropriate to carry out the provisions of this subsection.

(j) It shall be a condition of the receipt of any grant under this section that the group or individual of exceptional talent or the State or State agency receiving such grant furnish adequate assurances to the Secretary of Labor that all laborers and mechanics employed by contractors or subcontractors on construction projects assisted under this section shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by

the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5). The Secretary of Labor shall have with respect to the labor standards specified in this subsection the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 5 U.S.C. 133z-15) and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

(k) The Chairman shall correlate the programs of the National Endowment for the Arts insofar as practicable, with existing Federal programs and with those undertaken by other public agencies or private groups, and shall develop the programs of the Endowment with due regard to the contribution to the objectives of this Act which can be made by other Federal agencies under existing programs.

NATIONAL COUNCIL ON THE ARTS

SEC. 6. (a) There shall be, within the National Endowment for the Arts, a National Council on the Arts (hereinafter in this section referred to as the "Council").

(b) The Council shall be composed of the Chairman of the National Endowment for the Arts, who shall be Chairman of the Council, and twenty-six other members appointed by the President, *by and with the advice and consent of the Senate*, who shall be selected—

(1) from among private citizens of the United States who are widely recognized for their broad knowledge of, or expertise in, or for their profound interest in, the arts;

(2) so as to include practicing artists, civic cultural leaders, members of the museum profession, and others who are professionally engaged in the arts; and

(3) so as collectively to provide an appropriate distribution of membership among the major art fields.

The President is requested, in the making of such appointments, to give consideration to such recommendations as may, from time to time, be submitted to him by leading national organizations in these fields.

* * * * *

ESTABLISHMENT OF THE NATIONAL ENDOWMENT FOR THE HUMANITIES

SEC. 7. (a) There is established within the Foundation a National Endowment for the Humanities.

(b) (1) The Endowment shall be headed by a chairman, who shall be appointed by the President, by and with the advice and consent of the Senate.

(2) The term of office of the Chairman shall be four years, and the Chairman shall be eligible for reappointment. The provisions of this paragraph shall apply to any person appointed to fill a vacancy in the office of the Chairman. Upon expiration of his term of office the Chairman shall serve until his successor shall have been appointed and shall have qualified.

(c) The Chairman, with the advice of the National Council on the Humanities (hereinafter established), is authorized to—

(1) develop and encourage the pursuit of a national policy for the promotion of progress and scholarship in the humanities;

(2) initiate and support research and programs to strengthen the research and teaching potential of the United States in the humanities by making arrangements (including contracts, grants, loans, and other forms of assistance) with individuals or groups to support such activities; any loans made by the Endowment shall be made in accordance with terms and conditions approved by the Secretary of the Treasury;

(3) award fellowships and grants to institutions or individuals for training and workshops in the humanities. Fellowships awarded to individuals under this authority may be for the purpose of study or research at appropriate non-profit institutions selected by the recipient of such aid, for stated periods of time;

(4) foster the interchange of information in the humanities;

(5) foster, through grants or other arrangements with groups, education in, and public understanding and appreciation of the humanities;

(6) support the publication of scholarly works in the humanities; and

(7) insure that the benefit of its programs will also be available to our citizens where such programs would otherwise be unavailable due to geographic or economic reasons.

In the case of publications under clause (6) of this subsection such publications may be supported without regard for the provisions of section 501 of title 44, United States Code, only if the Chairman consults with the Joint Committee on Printing of the Congress and the Chairman submits to the Committee on Labor and Public Welfare of the Senate and the Committee on Education and Labor of the House of Representatives a report justifying any exemption from such section 501.

(d) The Chairman shall correlate the programs of the National Endowment for the Humanities, insofar as practicable, with existing Federal programs, designated State humanities agencies and with those undertaken by other public agencies or private groups, and shall develop the programs of the Endowment with due regard to the contribution to the objectives of this Act which can be made by other Federal agencies under existing programs.

(e) The total amount of any grant under subsection (c) (3) to any group engaging in workshop activities for which an admission or other charge is made to the general public shall not exceed 30 per centum of the total cost of such activities.

(f) (1) The Chairman, with the advice of the National Council on the Humanities, is authorized to establish and carry out programs of grants-in-aid in each of the several States in order to support not more than 50 per centum of the cost of existing activities which meet the standards enumerated in subsection (c), and in order to develop programs in the humanities in such a manner as will furnish adequate programs in the humanities in each of the several States.

(2) In order to receive assistance under this subsection in any fiscal year, any person or entity desiring to receive such assistance shall submit an application for such grants at such time as shall be specified by the Chairman and accompany such applications with a plan which the Chairman finds—

(A) provides that funds paid to the grant recipient will be expended solely on programs which carry out the objectives of subsection (c);

(B) establishes a membership policy which is designed to assure broad public representation with respect to programs administered by such grant recipient;

(C) provides a nomination process which assures an opportunity for nomination to membership from various groups within the State involved;

(D) provides for the rotation of the membership and officers of such grant recipient on a regular basis;

(E) establishes reporting procedures which are designed to inform the chief executive officer of the State involved, and other appropriate officers and agencies, of the activities of such grant recipient;

(F) establishes procedures to assure public access to information relating to such activities;

(G) provides that such grant recipient shall make reports to the Chairman from time to time, in such form and containing such information as the Chairman may require; and

(H) provides that two members of the executive body of such grant recipient shall be appointed by an appropriate officer or agency of the State involved.

(3) Of the sums available to carry out this subsection for any fiscal year, each grant recipient which has a plan approved by the Chairman shall be allotted at least \$200,000. If the sums appropriated are insufficient to make the allotments under the preceding sentence in full, such sums shall be allotted among such grant recipients in equal amounts. In any case where the sums available to carry out this subsection for any fiscal year are in excess of the amount required to make the allotments under the first sentence of this paragraph—

(A) the amount of such excess which is no greater than 25 per centum of the sums available to carry out this subsection for any fiscal year shall be available to the Chairman for making grants under this subsection to persons and entities applying for such grants;

(B) the amount of such excess, if any, which remains after reserving in full for the Chairman the amount required under subparagraph (A) shall be allotted among the grant recipients which have plans approved by the Chairman in equal amounts, but in no event shall any grant recipient be allotted less than \$200,000.

(4) (A) That part of any allotment made under paragraph (3) for any fiscal year—

(i) which exceeds \$125,000, but

(ii) which does not exceed 20 per centum of such allotment, shall be available, at the discretion of the Chairman, to pay up to 100 per centum of the cost of programs under this subsection if such programs would otherwise be unavailable to the residents of the State involved.

(B) Funds made available under this subsection shall not be used to supplant non-Federal funds.

(5) *All amounts allotted or made available under paragraph (3) for a fiscal year which are not granted to any person or entity during such fiscal year shall be available to the National Endowment for the Humanities for the purpose of carrying out subsection (c).*

(6) *Whenever the Chairman, after reasonable notice and opportunity for hearing, finds that—*

(A) a grant recipient is not complying substantially with the provisions of this subsection;

(B) a grant recipient is not complying substantially with terms and conditions of its plan approved under this subsection; or

(C) any funds granted to any person or entity under this subsection have been diverted from the purposes for which they are allotted or paid,

the Chairman shall immediately notify the Secretary of the Treasury and the grant recipient with respect to which such finding was made that no further grants will be made under this section to such grant recipient until there is no longer a default or failure to comply or the diversion has been corrected, or, if the compliance or correction is impossible, until such grant recipient repays or arranges the repayment of the Federal funds which have been improperly diverted or expended.

(7) The Chairman may not make grants to more than one person or entity in any State.

(g) It shall be a condition of the receipt of any grant under this section that the group or individual of exceptional talent or the State or State agency receiving such grant furnish adequate assurances to the Secretary of Labor that (1) all professional performers and related or supporting professional personnel employed on projects or productions which are financed in whole or in part under this section will be paid, without subsequent deduction or rebate on any account, not less than the minimum compensation as determined by the Secretary of Labor to be the prevailing minimum compensation for persons employed in similar activities; and (2) no part of any project or production which is financed in whole or in part under this section will be performed or engaged in under working conditions which are unsanitary or hazardous or dangerous to the health and safety of the employees engaged in such project or production. Compliance with the safety and sanitary laws of the State in which the performance or part thereof is to take place shall be prima facie evidence of compliance. The Secretary of Labor shall have the authority to prescribe standards, regulations, and procedures as he may deem necessary or appropriate to carry out the provisions of this subsection.

ESTABLISHMENT OF THE NATIONAL COUNCIL ON THE HUMANITIES

SEC. 8. (a) There is established in the National Endowment for the Humanities a National Council on the Humanities.

(b) The Council shall be composed of the Chairman of the National Endowment for the Humanities, who shall be the Chairman of the Council, and twenty-six other members appointed by the President, *by and with the advice and consent of the Senate*, from private life. Such members shall be selected on the basis of distinguished service

and scholarship or creativity and in a manner which will provide a comprehensive representation of the views of scholars and professional practitioners in the humanities and of the public throughout the United States. The President is requested in the making of such appointments to give consideration to such recommendations as may from time to time be submitted to him by leading national organizations concerned with the humanities.

* * * * *

ESTABLISHMENT OF THE FEDERAL COUNCIL ON THE ARTS AND
THE HUMANITIES

SEC. 9. (a) There is established within the Foundation a Federal Council on the Arts and the Humanities.

(b) The Council shall be composed of the Chairman of the National Endowment for the Arts, the Chairman of the National Endowment for the Humanities, the United States Commissioner of Education, the Secretary of the Smithsonian Institution, the Director of the National Science Foundation, the Librarian of Congress, the Director of the National Gallery of Art, the Chairman of the Commission of Fine Arts, the Archivist of the United States, the Commissioner, Public Buildings Service, General Services Administration, a member designated by the Secretary of State, and a member designated by the Secretary of the Interior, a member designated by the Chairman of the Senate Commission on Art and Antiquities, and a member designated by the Speaker of the House. The President shall designate the Chairman of the Council from among the members. The President is authorized to change the membership of the Council from time to time as he deems necessary to meet changes in Federal programs or executive branch organization.

(c) The Council shall—

(1) advise and consult with the Chairman of the National Endowment for the Arts and the Chairman of the National Endowment for the Humanities on major problems arising in carrying out the purposes of the Foundation;

(2) *advise and consult with the National Museum Services Board and with the Director of the Institute of Museum Services on major problems arising in carrying out the purposes of such Institute;*

[2] (3) coordinate, by advice and consultation, so far as is practicable, the policies and operations of the National Endowment for the Arts **[and]**, the National Endowment for the Humanities, *and the Institute of Museum Services*, including joint support of activities, as appropriate;

[3] (4) promote coordination between the programs and activities of the Foundation *and the Institute of Museum Services* and related programs and activities of other Federal agencies; and

[4] (5) plan and coordinate appropriate participation (including productions and projects) in major and historic national events.

* * * * *

AUTHORIZATION OF APPROPRIATIONS

【SEC. 11. (A) (1) (A) For the purpose of carrying out section 5(c), there are authorized to be appropriated to the National Endowment for the Arts, \$54,000,000 for the fiscal year ending June 30, 1974, \$90,000,000 for the fiscal year ending June 30, 1975, and \$113,500,000 for the fiscal year ending June 30, 1976. For the purpose of carrying out section 5(g), there are authorized to be appropriated to the National Endowment for the Arts \$11,000,000 for the fiscal year ending June 30, 1974. Not less than 20 per centum of the funds appropriated under the first sentence of this paragraph for the fiscal years ending June 30, 1975, and June 30, 1976, may be used only for the purpose of carrying out section 5(g).】

Sec. 11. (a) (1) (A) For the purpose of carrying out section 5, there are authorized to be appropriated \$100,000,000 for fiscal year 1977, and \$113,500,000 for fiscal year 1978; and there are so authorized such sums as may be necessary for the fiscal years 1979 and 1980. Of the sums so appropriated for any fiscal year, not less than 20 per centum shall be for carrying out section 5(g).

(B) For the purposes of carrying out section 7(c), there are authorized to be appropriated to the National Endowment for the Humanities 【\$65,000,000 for the fiscal year ending June 30, 1974, \$90,000,000 for the fiscal year ending June 30, 1975, and \$113,500,000 for the fiscal year ending June 30, 1976】 \$100,000,000 for fiscal year 1977, and \$113,500,000 for fiscal year 1978; and there are so authorized such sums as may be necessary for the fiscal years 1979 and 1980. Of the sums so appropriated for any fiscal year, not less than 20 per centum shall be for carrying out section 7(f).

(2) There are authorized to be appropriated for each fiscal year ending prior to 【July 1, 1976】 *October 1, 1980*, to the National Endowment for the Arts and the National Endowment for the Humanities, an amount equal to the total amounts received by each Endowment under section 10(a) (2), except that the amount so appropriated for any fiscal year shall not exceed 【the following limitations:

【(A) For the fiscal year ending June 30, 1974, \$15,000,000.

【(B) For the fiscal year ending June 30, 1975, \$20,000,000.

【(C) For the fiscal year ending June 30, 1976, \$25,000,000】 \$20,000,000 for the fiscal year ending September 30, 1977, \$25,000,000 for the fiscal year ending September 30, 1978, and such sums as may be necessary for the fiscal years ending September 30, 1979, and September 30, 1980.

(3) (A) *There are authorized to be appropriated for each fiscal year ending before October 1, 1981, to the National Endowment for the Arts and the National Endowment for the Humanities an amount equal to the total amounts received by each such Endowment for the purposes set forth in section 12(a) pursuant to the authority of section 10(a) (2), except that the amount so appropriated to both such Endowments for any fiscal year shall not exceed the following limitations: \$15,000,000 for fiscal year 1977, and \$20,000,000 for fiscal year 1978. Such sums as may be necessary are authorized to be appropriated for fiscal years 1979 and 1980.*

(B) Sums appropriated pursuant to subparagraph (A) for any fiscal year shall remain available for obligation and expenditure until expended. Sums available to either such Endowment under subparagraph (A) for any fiscal year may be transferred for use by the other Endowment upon the mutual agreement of both such Endowments.

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CHALLENGE GRANT PROGRAM

SEC. 12. (a) The Chairman of the National Endowment for the Arts and the Chairman of the National Endowment for the Humanities, with the advice of the National Council on the Arts and the National Council on the Humanities, are authorized, in accordance with the provisions of this section, to establish and carry out a program of contracts with, or grants-in-aid to, public agencies and private nonprofit organizations for the purpose of—

(1) enabling cultural organizations and institutions to increase the levels of continuing support and to increase the range of contributors to the program of such organizations or institutions;

(2) providing administrative and management improvements for cultural organizations and institutions, particularly in the field of long-range financial planning;

(3) enabling cultural organizations and institutions to increase audience participation in, and appreciation of, programs sponsored by such organizations and institutions;

(4) stimulating greater cooperation among cultural organizations and institutions especially designed to serve better the communities in which such organizations or institutions are located; and

(5) fostering greater citizen involvement in planning the cultural development of a community.

(b) The total amount of any payment made under this section for a program or project may not exceed 50 per centum of the cost of such program or project.

(c) In carrying out the program authorized by this section the Chairman of the National Endowment for the Arts and the Chairman of the National Endowment for the Humanities shall have the same authority as is established in section 10.

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