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## Business Committee for the Humanities (1973-1979): Memorandum 02

Goldwin A. McLellan

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BUSINESS COMMITTEE FOR THE ARTS, INC.  
1700 Broadway, New York, N.Y. 10019 (212) 765-5980

chairman  
ROBERT W. SARNOFF

president  
GOLDWIN A. McLELLAN

June 29, 1976

M E M O R A N D U M

A meeting was held at the home of Robert W. Sarnoff on Monday, June 28th to discuss the proposed amendment to the Arts, Humanities and Cultural Affairs Act of 1976 which provides for a cultural challenge program which will probably authorize treasury funds of between ten and twenty-five million a year for a period of years. This was our second meeting of principals of BCA and the NEA on this subject.

Attending the meeting on June 28th and representing the National Endowment for the Arts and Congress were:

Michael Straight, Deputy Chairman, NEA  
Carl Stover, Director, Bicentennial Resource Development  
Ray Schaefer, Vice President Rockefeller's office  
Livingston Biddle, Senator Pell's office  
Greg Fusco, Senator Javits' office.

Representing the Business Committee for the Arts were:

Robert W. Sarnoff, Chairman  
Gavin K. MacBain, Vice Chairman  
William Ruder, Treasurer  
Goldwin A. McLellan, President.

This memo seeks principally to reflect the views and position taken by the representatives of the Business Committee for the Arts.

In opening, Mr. Sarnoff reiterated his desire and intent to do everything possible to try to resolve the obvious differences between the BCA and the NEA over the procedural plan for the challenge concept as proposed by Carl Stover. Mr. Sarnoff reemphasized his position that the goals of the National Endowment and the Business Committee for the Arts are closely related and his hope that our work together will assure continued improvement in support for all the arts throughout the nation. Mr. MacBain stated that when we talk about allocation of federal funds, we talk about allocation of tax-payer dollars. Therefore, the challenge concept is in effect using citizens dollars to

challenge them to give more dollars. This brought forth discussion on the problem of the federal government using the people's money for this purpose at its option rather than at the option of the tax payer.

Bill Ruder then stated reservations to the challenge grant program by the Executive Committee of the Business Committee for the Arts and heads of corporations with whom we have been in contact. They are:

- 1) The plan to set up an organization which would administer a theoretical corporate fund of \$25,000,000 is a basic change in what we consider to be a sound philosophy for corporate giving to the arts.
- 2) Should the organization to administer corporate funds be set up, we question that many corporations would contribute to the fund.
- 3) Should an organization be set up, it would have to administer its funds in tandem with the National Endowment and the National Council and, therefore, not necessarily represent the interest of the business community.
- 4) Should such an organization be set up, we question how the cost of administration of the organization could be handled. Representatives of the National Endowment assured us that funds would be available, but they did not clearly explain the source of these funds. If administration of the organization was provided by NEA funds then the answer to the previous point is clear -- that it could not operate independently of the National Endowment.

Bill Ruder said that in his experience most corporations, through the work of the Business Committee for the Arts, have come to place high value on the direct relationships they develop with arts organizations they support and that one of the most logical and persuasive arguments for corporate involvement with the arts would be removed if we failed to encourage these relationships. Although Mr. Fusco contended that the challenge funding could give full credit to corporations supporting it, the position of all representatives of the Business Committee for the Arts was that this did not respond to Ruder's point that the direct tie-in between funds granted to arts organizations would be removed and programs now supported by corporations would likely suffer. In our opinion most corporations insist on direct credit rather than phantom credit.

Business should understand that there is nothing in the legislation which requires the creation of a corporate supported central fund in order for the National Endowment to receive the challenge grant monies proposed in the current legislation. Since this is the case, there are two alternatives which would satisfy the legislation and accommodate what we consider to be the position of most heads of business as well as the BCA. This is that NEA challenge monies be used:

- a) in the same way as treasury funds are currently being expended whereby funds for a proposed program or procedure are committed to an arts organization. The arts organization in turn is expected to raise the matching funds from the private sector in order to justify payment of funds from the NEA; or
- b) should a corporation or a group of corporations and patrons be willing to commit funds to meet the specific needs of an arts organization, the commitment could be used as a reverse challenge to the NEA for a matching grant from its challenge funds.

*only mention of Corp.*

These seemed to be simple solutions to the problem.

? Robert Sarnoff pledged BCA's full efforts to encourage matching from private sources if one or both of these concepts were adopted. Our ability to encourage matching funds was questioned by Carl Stover. While we agreed we could not guarantee results, we felt confident we had a good if not better relationship with the business community than any other national association working with the arts. We expressed the belief that if we gave the concept of community matching full support in our publications, which go to the heads of 15,000 businesses, plus pledge direct assistance and counsel on specific projects, improved participation of the business sector would be realized.

↓ The BCA representatives took the position that they would not advise corporations, who wanted to participate in a corporate challenge pool of funds for the arts, against doing so.

At the conclusion of the meeting, it was made clear that BCA would have to take the position that it was opposed to the corporate financial pool and would so advise its members and other corporations who sought our counsel. If the fund was set up, BCA could not undertake responsibility for encouraging matching on a local basis to meet challenges from such a fund.



Goldwin A. McLellan