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## ARTS AND HUMANITIES ACT OF 1980

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MAY 12, 1980.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. FORD of Michigan, from the Committee on Education and Labor, submitted the following

### REPORT

[To accompany H.R. 7153]

[Including Cost Estimate of the Congressional Budget Office]

The Committee on Education and Labor, to whom was referred the bill (H.R. 7153) to amend the National Foundation on the Arts and the Humanities Act of 1965 and the Museum Services Act to extend the authorizations of appropriations contained in such Acts, to amend the Arts and Artifacts Indemnity Act to make certain changes in the coverage provisions of such Act, 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 is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

#### SHORT TITLE

SECTION 1. This Act may be cited as the "Arts and Humanities Act of 1980".

#### TITLE I—AMENDMENTS TO NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES ACT OF 1965

#### DEFINITIONS

SEC. 101. (a) Section 3(a) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 952(a)) is amended by striking out "theory, and practice" and inserting in lieu thereof "and theory".

(b) Section 3(d)(1)(B) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 952(d)(1)(B)) is amended by inserting "or the National Council on the Humanities, as the case may be" after "Arts".

(c) Section 3(g) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 952(g)) is amended by inserting "the Northern Mariana Islands," after "American Samoa".

## NATIONAL ENDOWMENT FOR THE ARTS

SEC. 102. (a) Section 5(c) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 954(c)) is amended—

(1) by inserting "or loans" after "grants-in-aid";

(2) in paragraph (1) thereof, by inserting "and cultural diversity" after "American creativity"; and

(3) by adding at the end thereof the following new sentence: "Any loans made by the Chairman under this subsection shall be made in accordance with terms and conditions approved by the Secretary of the Treasury."

(b) (1) Section 5(g)(2)(A) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 954(g)(2)(A)) is amended by striking out "except that" and all that follows through the end thereof and inserting in lieu thereof a semicolon.

(2) (A) Section 5(g)(4) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 954(g)(4)) is amended by adding at the end thereof the following new subparagraph:

"(E) If any jurisdiction specified in section 3(g), other than the several States of the Union, has a population of less than 200,000 (according to the most recent decennial census), then such jurisdiction shall not be entitled to an allotment of at least \$200,000 under paragraph (3). The Chairman may allot to any such jurisdiction under paragraph (3) such amounts as the Chairman considers appropriate in order to carry out the purposes of this Act, except that any such amount shall be less than \$200,000."

(B) (1) The first sentence of section 5(g)(3) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 954(g)(3)) is amended by striking out "Of the" and inserting in lieu thereof "Except as provided in paragraph (4) (E), of the".

(ii) Section 5(g)(3)(B) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 954(g)(3)(B)) is amended by inserting "(except as provided in paragraph (4) (E))" after "amounts but".

(c) Section 5(k) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 954(k)) is amended by adding at the end thereof the following new sentence: "The Chairman may enter into interagency agreements to promote or assist with the arts-related activities of other Federal agencies, on a reimbursable or nonreimbursable basis, and may use funds authorized to be appropriated for the purposes of subsection (c) for the costs of such activities."

(d) Section 5(l)(1) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 954(l)(1)) is amended—

(1) by inserting ", on a national, State, or local level," after "private nonprofit organizations"; and

(2) by redesignating subparagraph (D) and subparagraph (E) as subparagraph (E) and subparagraph (F), respectively, and inserting after subparagraph (C) the following new subparagraph:

"(D) providing additional support for cooperative efforts undertaken by State arts agencies with local arts groups to promote effective arts activity at the State and local level, including support of professional artists in community-based residencies;"

(e) Section 5 of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 954) is amended by striking out subsection (m).

## NATIONAL COUNCIL ON THE ARTS

SEC. 103. (a) Section 6(b) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 955(b)) is amended by striking out "by and with the advice and consent of the Senate."

(b) Section 6(c) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 955(c)) is amended by inserting after the first sentence thereof the following new sentence: "The terms of office of all Council members shall expire on the 3rd day of September in the year of expiration."

## NATIONAL ENDOWMENT FOR THE HUMANITIES

SEC. 104. (a) Section 7(f)(4) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 956(f)(4)) is amended by striking out subparagraph (A) and subparagraph (B) and inserting in lieu thereof the following new subparagraphs:

"(A) 34 percent of the amount of such excess for such fiscal year shall be available to the Chairman for making grants under this subsection to entities applying for such grants;

"(B) 44 percent of the amount of such excess for such fiscal year shall be allotted in equal amounts among the grant recipients which have plans approved by the Chairman; and

"(C) 22 percent of the amount of such excess for such fiscal year shall be allotted among the grant recipients which have plans approved by the Chairman in amounts which bear the same ratio to such excess as the population of the State for which the plan is approved (or, in the case of a grant recipient other than a State, the population of the State in which such grant recipient is located) bears to the population of all the States."

(b) (1) Section 7(f)(5) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 956(f)(5)) is amended by adding at the end thereof the following new subparagraph:

"(E) If any jurisdiction specified in section 3(g), other than the several States of the Union, has a population of less than 200,000 (according to the most recent decennial census), then such jurisdiction shall not be entitled to an allotment of at least \$200,000 under the first sentence of paragraph (4). The Chairman may allot to any such jurisdiction under paragraph (4) such amounts as the Chairman considers appropriate in order to carry out the purposes of this Act, except that any such amount shall be less than \$200,000."

(2) The first sentence of section 7(f)(4) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 956(f)(4)) is amended by striking out "Of the" and inserting in lieu thereof "Except as provided in paragraph (5)(E), of the".

(c) Section 7 of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 956) is amended by adding at the end thereof the following new subsection:

"(i) The Chairman may enter into interagency agreements to promote or assist with the humanities-related activities of other Federal agencies, on either a reimbursable or nonreimbursable basis, and may use funds authorized to be appropriated for the purposes of subsection (c) for the costs of such activities."

#### NATIONAL COUNCIL ON THE HUMANITIES

SEC. 105. (a) Section 8(b) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 957(b)) is amended by striking out ", by and with the advice and consent of the Senate".

(b) Section 8(f) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 957(f)) is amended by striking out "\$17,500" and inserting in lieu thereof "\$30,000".

#### FEDERAL COUNCIL ON THE ARTS AND THE HUMANITIES

SEC. 106. (a) Section 9(b) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 958(b)) is amended by inserting "the Commissioner on Aging," after "Services Administration."

(b) Section 9(c) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 958(c)) is amended—

(1) in paragraph (4) thereof, by striking out "and" at the end thereof;

(2) in paragraph (5) thereof, by striking out the period at the end thereof and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(B) undertake studies and make reports which address the state of the arts and humanities, particularly with respect to their economic needs and problems."

(c) Section 9 of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 958) is amended by adding at the end thereof the following new subsections:

"(d) (1) The Council shall conduct a study of the state of employment opportunities for professional artists. Such study shall be undertaken in cooperation and consultation with the Secretary of Labor and shall address in particular (A) the effectiveness of existing Federal programs, such as programs administered under the Comprehensive Employment and Training Act, in serving and

enhancing the employment opportunities of professional artists; and (B) the need for new programs to serve and enhance the employment opportunities of professional artists.

"(2) Not later than one year after the date of the enactment of the Arts and Humanities Act of 1980, the Chairman of the Council shall submit a report to the President and to the Congress relating to the results of the study required in paragraph (1), including such findings and recommendations (including legislative recommendations) as may be appropriate. Any recommendation involving changes in Federal legislation shall be accompanied by draft legislation.

"(3) Notwithstanding any other provision of law, no Federal agency or officer of the Federal Government shall have any authority to require the Council to submit the report required in paragraph (2) to any Federal agency or officer of the Federal Government for approval, comments, or review before submission of such report to the Congress. The President may make such additional comments and recommendations with respect to the contents of such report as he may deem appropriate.

"(e)(1) The Council shall conduct a study of (A) the effectiveness of the program authorized by the Arts and Artifacts Indemnity Act (20 U.S.C. 971 et seq.); (B) the impact and feasibility of expanding the existing indemnity program to include the indemnification of objects loaned by lenders located in the United States for exhibition exclusively in the United States; and (C) other means to encourage and facilitate the wider sharing within the United States of the items described in section 3(a) of the Arts and Artifacts Indemnity Act (20 U.S.C. 972(a)), such as the development of standardized insurance policies and the development of a Federal technical assistance program to improve the curatorial facilities and personnel of museums.

"(2) Not later than one year after the date of the enactment of the Arts and Humanities Act of 1980, the Chairman of the Council shall submit a report to the President and to the Congress relating to the results of the study required in paragraph (1), including such findings and recommendations (including legislative recommendations) as may be appropriate. Any recommendation involving changes in Federal legislation shall be accompanied by draft legislation."

#### ADMINISTRATIVE PROVISIONS

SEC. 107. (a) Section 10(a)(4) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 959(a)(4)) is amended by inserting "and culturally diverse" after "geographic".

(b) Section 10(b) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 959(b)) is amended by striking out "January" and inserting in lieu thereof "April".

(c) Section 10(c) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 959(c)) is amended by striking out "January" and inserting in lieu thereof "April".

(d) Section 10 of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 959) is amended by adding at the end thereof the following new subsection:

"(d)(1) The Chairman of the National Endowment for the Arts and the Chairman of the National Endowment for the Humanities each shall conduct a study of the use, sale, or other disposal of property under subsection (a)(2) for the purpose of carrying out sections 5(c) and 7(c). Each such study shall assess in particular (A) the effectiveness of such use, sale, or other disposal of property as an incentive for increasing the levels of non-Federal support; and (B) the extent to which activities carried out by each such Chairman under subsection (a)(2) result in undue administrative and financial burdens upon grant recipients.

"(2) Not later than 2 years after the date of enactment of the Arts and Humanities Act of 1980, each Chairman shall submit a report to the President and to the Congress relating to the results of the studies required in paragraph (1), including such findings and recommendations (including legislative recommendations) as may be appropriate. Any recommendation involving changes in Federal legislation shall be accompanied by draft legislation."

#### AUTHORIZATION OF APPROPRIATIONS

SEC. 108. (a) The first sentence of section 11(a)(1)(A) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 960(a)(1)(A)) is

amended to read as follows: "For the purpose of carrying out section 5(c), there are authorized to be appropriated to the National Endowment for the Arts \$132,500,000 for fiscal year 1981, and such sums as may be necessary for fiscal years 1982, 1983, 1984, and 1985."

(b) The first sentence of section 11(a)(1)(B) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 960(a)(1)(B)) is amended to read as follows: "For the purpose of carrying out section 7(c), there are authorized to be appropriated to the National Endowment for the Humanities \$127,000,000 for fiscal year 1981, and such sums as may be necessary for fiscal years 1982, 1983, 1984, and 1985."

(c) Section 11(a)(2) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 960(a)(2)) is amended to read as follows:

"(2)(A) There are authorized to be appropriated for each fiscal year ending before October 1, 1985, to the National Endowment for the Arts an amount equal to the sum of—

"(i) the total amounts received by such Endowment under section 10(a)(2), including the value of property donated, bequeathed, or devised to such Endowment; and

"(ii) the total amounts received by the grantees of such Endowment from non-Federal sources, including the value of property donated, bequeathed, or devised to such grantees, for use in carrying out projects and other activities under paragraph (1) through paragraph (5) of section 5(c);

except that the amounts so appropriated to the National Endowment for the Arts shall not exceed \$18,500,000 for fiscal year 1981, and such sums as may be necessary for fiscal years 1982, 1983, 1984, and 1985.

"(B) There are authorized to be appropriated for each fiscal year ending before October 1, 1985, to the National Endowment for the Humanities an amount equal to the sum of—

"(i) the total amounts received by such Endowment under section 10(a)(2) including the value of property donated, bequeathed, or devised to such Endowment; and

"(ii) the total amounts received by the grantees of such Endowment from non-Federal sources, including the value of property donated, bequeathed, or devised to such grantees, for use in carrying out activities under paragraph (1) through paragraph (7) of section 7(c);

except that the amounts so appropriated to the National Endowment for the Humanities shall not exceed \$17,000,000 for fiscal year 1981, and such sums as may be necessary for fiscal years 1982, 1983, 1984, and 1985."

(d) Section 11(a)(3)(A) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 960(a)(3)(A)) is amended to read as follows:

"(3)(A) There are authorized to be appropriated for each fiscal year ending before October 1, 1985, to the National Endowment for the Arts an amount equal to the sum of—

"(i) the total amounts received by such Endowment, including the value of property donated, bequeathed, or devised to such Endowment, for the purposes set forth in section 5(1)(1) pursuant to the authority of section 10(a)(2); and

"(ii) the total amounts received by the grantees of such Endowment from non-Federal sources, including the value of property donated, bequeathed, or devised to such grantees, for use in carrying out activities under subparagraph (A) through subparagraph (F) of section 5(1)(1);

except that the amounts so appropriated to such Endowment shall not exceed \$35,000,000 for fiscal year 1981, and such sums as may be necessary for fiscal years 1982, 1983, 1984, and 1985."

(e) Section 11(a)(3)(B) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 960(a)(3)(B)) is amended to read as follows:

"(B) There are authorized to be appropriated for each fiscal year ending before October 1, 1985, to the National Endowment for the Humanities an amount equal to the sum of—

"(i) the total amounts received by such Endowment, including the value of property donated, bequeathed, or devised to such Endowment, for the purposes set forth in section 7(h)(1) pursuant to the authority of section 10(a)(2); and

"(ii) the total amounts received by the grantees of such Endowment from

non-Federal sources, including the value of property donated, bequeathed, or devised to such grantees, for use in carrying out activities under subparagraph (A) through subparagraph (F) of section 7(h)(1):

except that the amounts so appropriated to such Endowment shall not exceed \$33,000,000 for fiscal year 1981, and such sums as may be necessary for fiscal years 1982, 1983, 1984, and 1985."

(f) Section 11(a)(4) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 960(a)(4)) is amended to read as follows:

"(4) The Chairman of the National Endowment for the Arts and the Chairman of the National Endowment for the Humanities, as the case may be, shall issue guidelines to implement the provisions of paragraph (2) and paragraph (3). Such guidelines shall be consistent with the requirements of section 5(e), section 5(1)(2), section 7(f), and section 7(h)(2), as the case may be, regarding total Federal support of activities, programs, projects, or productions carried out under authority of this Act."

(g) Section 11(c) of the National Foundation on the Arts and the Humanities Act of 1965 (20 USC 960(c)) is amended to read as follows:

"(c) (1) There are authorized to be appropriated to the National Endowment for the Arts \$14,000,000 for fiscal year 1981, and such sums as may be necessary for fiscal years 1982, 1983, 1984, and 1985, to administer the provisions of this Act, or any other program for which the Chairman of the National Endowment for the Arts is responsible.

"(2) There are authorized to be appropriated to the National Endowment for the Humanities \$13,000,000 for fiscal year 1981, and such sums as may be necessary for fiscal years 1982, 1983, 1984, and 1985, to administer the provisions of this Act, or any other program for which the Chairman of the National Endowment for the Humanities is responsible."

#### TECHNICAL AMENDMENTS

Sec. 109. (a) The last sentence of section 5(c) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 954(c)) is amended by striking out "Labor and Public Welfare" and inserting in lieu thereof "Labor and Human Resources".

(b) Section 5(g)(4)(A) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 954(g)(4)(A)) is amended by striking out "project" the last place it appears therein and inserting in lieu thereof "projects".

(c) The last sentence of section 7(c) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 958(c)) is amended by striking out "Labor and Public Welfare" and inserting in lieu thereof "Labor and Human Resources".

(d) Section 9(b) of the National Foundation on the Arts and the Humanities Act of 1967 (20 U.S.C. 958(b)) is amended by striking out "United States Commissioner of Education" and inserting in lieu thereof "Secretary of Education".

## TITLE II—MUSEUM SERVICES

### AMENDMENTS TO MUSEUM SERVICES ACT

Sec. 201. (a) Section 203 of the Museum Services Act (20 U.S.C. 962) is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Education".

(b) Section 204(a)(2)(A)(v) of the Museum Services Act (20 U.S.C. 963(a)(2)(A)(v)) is amended by striking out "Commissioner of Education" and inserting in lieu thereof "Secretary of Education".

(c)(1) Section 205(a)(1) of the Museum Services Act (20 U.S.C. 964(a)(1)) is amended by striking out "level V" and inserting in lieu thereof "level IV".

(2) Section 205(a)(2) of the Museum Services Act (20 U.S.C. 963(a)(2)) is amended by striking out "to the Secretary of Health, Education, and Welfare" and inserting in lieu thereof "directly to the Secretary of Education".

(3) Section 205(b) of the Museum Services Act (20 U.S.C. 963(b)) is amended by striking out "Department of Health, Education, and Welfare" and inserting in lieu thereof "Department of Education".

(4) The amendment made in paragraph (1) shall take effect on October 1, 1980.

(d) (1) Section 206 of the Museum Services Act (20 U.S.C. 965) is amended by redesignating subsection (b) as subsection (c) and by inserting after subsection (a) the following new subsection:

"(b) (1) The Director, subject to the policy direction of the National Museum Services Board, is authorized to enter into contracts and cooperative agreements with professional museum organizations to provide financial assistance to such organizations in order to enable such organizations to undertake projects designed to strengthen museum services, except that any contracts or cooperative agreements entered into pursuant to this subsection shall be effective only to such extent or in such amounts as are provided in appropriations Acts.

"(2) (A) No financial assistance may be provided under this subsection for any project for a period in excess of one year.

"(B) No grant may be provided under this subsection to pay for the operational expenses of any professional museum organization.

"(3) The aggregate amount of financial assistance made under this subsection to professional museum organizations shall not exceed 5 percent of the amount appropriated under this Act for such fiscal year.

"(4) For purposes of this subsection, the term 'professional museum organization' means a private, nonprofit professional museum-related organization, institution, or association which engages in activities designed to advance the well-being of museums and the museum profession."

(2) Section 206(c) of the Museum Services Act, as so redesignated in paragraph (1), is amended—

(A) by inserting "contracts, and cooperative agreements" after "Grants";

(B) by inserting "or financial assistance" after "grant"; and

(C) by inserting "or financial assistance" after "grants".

(3) Section 206 of the Museum Services Act, as amended in paragraph (1), is further amended by adding at the end thereof the following new subsection:

"(d) The Director shall establish procedures for reviewing and evaluating grants, contracts, and cooperative agreements made or entered into under this section."

(e) (1) Section 209(a) of the Museum Services Act (20 U.S.C. 967(a)) is amended to read as follows:

"Sec. 209. (a) For the purpose of making grants under section 206(a), there are authorized to be appropriated \$25,000,000 for fiscal year 1981, and such sums as may be necessary for fiscal years 1982, 1983, 1984, and 1985."

(2) Section 209(d) of the Museum Services Act (20 U.S.C. 967(d)) is amended by striking out "1980" and inserting in lieu thereof "1985".

#### AMENDMENTS TO DEPARTMENT OF EDUCATION ORGANIZATION ACT

SEC. 202. Section 413(b) (1) of the Department of Education Organization Act (20 U.S.C. 3473(b) (1)) is amended by inserting "and" at the end of subparagraph (L), by striking out subparagraph (M), and by redesignating subparagraph (N) as subparagraph (M).

#### TITLE III—AMENDMENTS TO ARTS AND ARTIFACTS INDEMNITY ACT

##### AGGREGATE AMOUNTS COVERED UNDER INDEMNITY AGREEMENTS

SEC. 301. Section 5(b) of the Arts and Artifacts Indemnity Act (20 U.S.C. 974(b)) is amended by striking out "\$250,000,000" and inserting in lieu thereof "\$400,000,000".

##### DEDUCTIBLE AMOUNTS UNDER INDEMNITY AGREEMENTS

SEC. 302. Section 5(d) of the Arts and Artifacts Indemnity Act (20 U.S.C. 974(d)) is amended to read as follows:

"(d) If the estimated value of the items covered by an indemnity agreement for a single exhibition is—

"(1) \$2,000,000 or less, then coverage under this Act shall only extend to loss or damage in excess of the first \$15,000 of loss or damage to items covered;

"(2) more than \$2,000,000 but less than \$10,000,000, then coverage under this Act shall only extend to loss or damage in excess of the first \$25,000 of loss or damage to items covered; or



"(3) \$10,000,000 or more, then coverage under this Act shall only extend to loss or damage in excess of the first \$50,000 of loss or damage to items covered."

#### HEARINGS AND COMMITTEE ACTION

Hearings by the Subcommittee on Postsecondary Education on the reauthorization of the National Foundation for the Arts and Humanities Act of 1965 and the Museum Services Act as well as on suggested amendments to these acts and the Arts and Artifacts Indemnity Act began on February 6, 1980. These hearings considered the recommendations of a broad range of individuals and public organizations concerned with the arts, humanities and museums, the proposals submitted to the Congress by the administration, relevant bills referred to the Subcommittee and two measures passed by the Senate: S. 1386, the "Arts and Humanities Act of 1979," and S. 1429, the "Museum Services Amendments of 1979." A total of eight hearings were held, including four field hearings outside of Washington. One hundred and fifteen witnesses testified at the hearings. A list of the hearings follows:

1. February 6, National Endowment for Humanities (Washington, D.C.)
2. February 16, National Endowment for the Arts, Institute of Museum Services and Arts and Artifacts Indemnity Act (San Francisco, California)
3. February 21, National Endowment for the Arts (Washington, D.C.)
4. March 3, National Endowment for the Arts and National Endowment for the Humanities (Detroit, Michigan)
5. March 5, Institute for Museum Services and Arts and Artifacts Indemnity Act (Washington, D.C.)
6. March 24, National Endowment for the Arts and National Endowment for the Humanities (Cedar Rapids, Iowa)
7. March 31, National Endowment for the Arts, National Endowment for the Humanities and Institute for Museum Services (New York, New York)
8. April 2, National Endowment for the Arts, National Endowment for the Humanities and Institute for Museum Services (Washington, D.C.)

On the basis of the testimony and recommendations received by the Subcommittee in its hearings, H.R. 7153 was drafted. The bill was introduced on April 24 with the sponsorship of fifteen members of the Subcommittee on Postsecondary Education.

With the concurrence of the members of the Subcommittee, H.R. 7153 was not considered in legislative session by the Subcommittee. On April 29, the full Education and Labor Committee met and with a majority of the Committee present, by voice vote H.R. 7153 reported to the House with an amendment in the nature of a substitute. On May 6, the Committee by unanimous consent agreed to reconsider the bill and again ordered it reported with technical amendments to conform it to the Budget Act. The explanatory language in this report, including the section-by-section analysis and comparison to existing law, relate to the text of the Committee amendment. This

expedited consideration was undertaken because of potential scheduling difficulties and the need to report the bill to the House by the May 15 Budget Act deadline for bills which authorize appropriations for fiscal year 1981.

### BASIC POLICY OBJECTIVES

The need for this legislation arises primarily from the expiration at the end of fiscal year 1980 of the authorizations of the National Foundation on the Arts and the Humanities Act and the Museum Services Act. Thus the bill most importantly reaffirms and continues the Federal role in support of the arts, humanities and museums.

An important theme of the bill is to broaden both the types of assistance that can be provided as well as the purposes of the assistance for the programs of the National Endowment for the Arts, the National Endowment for the Humanities and the Institute for Museum Services. For example, the Arts Endowment's Challenge Grant program is broadened to include cooperative efforts undertaken by State arts agencies with local arts groups and the Institute of Museum Services is permitted to assist professional museum service organizations. These programs will therefore be more flexible and responsive in their ability to provide more kinds of assistance for more varied purposes.

Another theme is administrative simplification and coordination. The bill, for example, provides for reduced red tape and paperwork in the Treasury Fund programs of both the Arts and the Humanities Endowments. It also facilitates interagency agreements between the Endowments and other Federal agencies and repeals the requirement that members of the National Council on the Arts and the National Council on the Humanities be confirmed by the Senate.

In charting directions for the future, the bill mandates studies of employment opportunities for professional artists, the Treasury Fund programs of the Endowments and the Arts and Artifacts Indemnity program. These studies and the recommendations they produce will enable the committee to address issues that are now emerging in an intelligent and thoughtful manner in the future.

The bill also enhances the status and increases the independence of the Institute of Museum Services within the Federal establishment, by providing, for example, that the Director of the Institute shall report directly to the Secretary of Education.

Finally, the bill repeals several obsolete provisions and updates and corrects references.

### THE PROGRAMS

#### NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

##### *Historical background*

The National Foundation on the Arts and the Humanities was established in 1965 by Public Law 89-209. The original Act, the first of its kind in our nation's history, was thereafter amended in 1967 by Public Law 90-348; in 1970 by Public Law 91-346; in 1973 by Public Law 93-133; and in 1976 by Public Law 94-462. The 1965 legislation established the National Foundation of the Arts and the 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 development of policy and the awarding of grants, some of them matching, which the two Endowments are authorized to make

#### *Definitions*

The definition of the term "humanities" is modified to include "the study of . . . the history, criticism and theory of the arts" rather than "the study of . . . the history, criticism, theory and practice of the arts" in order to clarify the respective roles of the Arts and the Humanities Endowments in the arts.

The definition of a "project" is modified to permit the Humanities Endowment to support the "renovation of facilities," an authority which the Arts Endowment now has.

The Northern Mariana Islands is included in the definition of a "State" at the recommendation of the administration.

#### *National Endowment for the Arts*

In carrying out the basic program of the Endowment, the Chairman, with the advice of the National Council on the Arts, is provided with the authority to make loans in addition to contracts and grants-in-aid. The Committee believes that loan authority could provide the Arts Endowment with a useful and flexible mechanism to aid arts institutions, particularly those facing short-term financial difficulties. The Committee is aware of the precarious financial conditions and operating deficits of many of the Nation's cultural institutions. The Committee feels that loans to such institutions, if used judiciously, might provide them with a transition period to greater financial stability.

No specific authorization of appropriations is provided for this new authority. Rather, in those cases where loans are deemed appropriate, allocations involving program funds should be used for this purpose. The Committee believes that the Endowment should be particularly cautious in establishing a loan program and should consult with the Treasury Department and other Federal agencies experienced with such programs to insure that a loan program is administratively and fiscally sound. The Humanities Endowment now has the authority to make loans.

At the recommendation of the Administration, the first purpose of the Arts Endowment's basic program is modified "to provide or support (1) projects and productions which have substantial artistic and cultural significance, giving emphasis to American creativity and cultural diversity and the maintenance and encouragement of professional excellence."

At the recommendation of the administration, jurisdictions other than States of the Union which are included in the definition of "State" and which have a population of less than 200,000 will receive a basic grant to the state arts agency of less than \$200,000. This provision will result in basic grants of less than \$200,000 for the Virgin Islands, Guam, American Samoa and the Northern Mariana Islands. The Arts Endowment has found that these jurisdictions cannot effectively use amounts of money as large as those received by the States of the Union, Puerto Rico and the District of Columbia. It should be

noted that the population of the least populous State of the Union is more than double the 200,000 cutoff. The Committee strongly emphasizes that the Chairman of the Endowment should be sensitive to the special needs and contributions of these jurisdictions in exercising his discretion to determine appropriate basic grant allocations for jurisdictions with a population of less than 200,000.

The Act currently charges the Chairman of the Arts Endowment with coordinating, "insofar as practicable," the programs of the Arts Endowment with those of other Federal agencies as well as with those of "other public agencies or private groups." At the recommendation of the Administration, the Chairman is explicitly granted the authority to enter into inter-agency agreements in carrying out this responsibility. He is also granted the authority to fund such activities out of regular program funds rather than out of more limited administrative funds currently used for this purpose. Inter-agency activities in the arts, such as the panels established by the Arts Endowment for the General Services Administration to select art works for Federal buildings, are endorsed by the Committee as they have been repeatedly endorsed by the National Council on the Arts.

In its hearings the Committee was impressed with the viability of the network of state arts agencies. The Committee notes with enthusiasm the fact that appropriations from state legislatures for the arts have grown to nearly \$100 million, when 15 years ago, these same legislatures were providing only \$4 million. The Committee also notes that the Arts Endowment has recently made important strides to coordinate and consult with state arts agencies concerning major policy decisions. The Committee believes these efforts are particularly significant in creating an environment in which there will be effective partnership on behalf of the arts in the United States.

The Committee also notes and applauds the substantial increase in both the number of local arts agencies and the level and range of arts activities they support. The number of community arts agencies has grown from 200 to well over 2,000 in the last 10 years. Some of these are obviously more sophisticated than others; some have their own budgets from city governments and other sources, some serve as sponsoring and presenting organizations. As a group, the Committee believes that the community arts agencies have emerged as another valuable mechanism for the wider distribution of the arts.

The bill recognizes the emergence of this new network by providing the Arts Endowment with the authority to provide through the Challenge Grant program "additional support for cooperative efforts undertaken by state arts agencies with local arts groups to promote effective arts activity at the state and local level, including support of professional artists in community-based residences." The Challenge Grant program has proven very successful in assisting cultural organizations to increase the level of their new and continuing financial support from the private sector. The Committee believes that the Challenge Grant program can be equally successful in encouraging increased support from state and local governments. The Committee also believes that the Federal government's share in supporting the arts should not be disproportionate. Therefore this new authority for state-community support is included in the Challenge Grant program.

The Committee also observes that, consistent with the Arts Endowment's developing partnership with state arts agencies and with local arts groups, the purpose of these new Challenge Grants shall be to promote and enhance cooperation among states, local governments and local arts groups to better serve and support the arts. Cooperation among the systems of support for the arts—national, state, local and private—is essential in order to avoid divisiveness among the diverse constituencies of the arts and the dissipation of energies urgently needed in common effort. The Committee intends that Challenge Grants awarded under this provision will place high priority on those which display local initiative, which are particularly sensitive to the needs of cities with a population in excess of 50,000, and which indicate clear coordination among local arts groups or agencies and local governments as well as among these and the state government and the state arts agency.

Another concern to the Committee and the arts community is that insufficient opportunities exist for professional artists to support themselves adequately through their artistic endeavors. While the Endowment does aid individual artists directly through fellowship programs and indirectly through support organizations, testimony presented to the Committee indicates that there is a substantial unmet need for greater assistance to individual artists, especially in the area of employment opportunities. State and local arts agencies are well equipped to develop and implement artist-in-residence programs for professional artists and only lack the necessary financial resources to do so. Providing support for community-based residencies is one of the purposes of the new authority in the Challenge Grant program, and it reflects the Committee's desire to improve the employment status of individual artists.

The Committee recommends that in designing and implementing any artist-in-residence program at the state or local level, the Endowment and state and local arts agencies employ artists of demonstrated professional ability and encourage the placement of these artists in residencies which have the potential for becoming permanent positions within the organization.

The Committee recommends that the Arts Endowment undertake support for this new Challenge Grant purpose only after adequate planning and while maintaining adequate support for the other activities currently provided for in the Challenge Grant program. The Committee recommends that the Endowment allocate sufficient funds to plan and develop this new Challenge Grant purpose in FY 1981 and to implement it in succeeding years.

This new authority in the Arts Endowment Challenge Grant program draws substantially from H.R. 5518, the "Federal Artists Program Act of 1979," introduced by Mr. Weiss of New York, and H.R. 6199, the "Municipal Arts Program Act of 1979," introduced by Mr. Clay of Missouri as well as from the "State and Local Incentive Program" developed by the National Assembly of State Arts Agencies and the National Assembly of Community Arts Agencies.

The Committee notes that the health and survival of the major professional arts institutions is of great importance to both the cultural and economic climate of our country. These institutions not

only provide a model for excellence in the arts through the work produced or exhibited at their institutions, but enrich the spirit of our communities with their numerous outreach efforts. The Committee is aware that the audience attracted to the quality of art offered by these institutions generates economic growth for the surrounding community.

During its deliberations, the Committee paid particular attention to testimony concerning the economic impact of the arts and encourages more thorough statistical analysis of such information at the Federal, state and local levels. The Committee commends the Endowment for commissioning the recent studies conducted by the Johns Hopkins University which analyze the economic impact of the arts on selected American cities. Findings concluded that arts activities in 1978 contributed \$85 million to the economy of Minneapolis/St. Paul, and almost \$63 million to the economy of St. Louis. More than \$14 million was contributed to the economy of San Antonio by three art institutions alone. The Committee also noted Chicago Arts Council estimates that cultural activities contribute approximately \$470 million to that City's economy each year and a New York City mayoral committee report that cultural and artistic activities generate \$3 billion annually for the City while contributing approximately \$102 million in tax revenues.

As the numbers of these major professional arts institutions increased, their sessions lengthened and their services to their communities expanded, the level of Endowment dollars in their budgets has steadily diminished. Today many of them face severe financial problems which not only threaten them with curtailment of their artistic growth, but in some instances threaten their continued existence.

The Committee strongly recommends that the Endowment continue to be mindful of steps it can take to help solve the financial dilemma which faces the professional arts institutions, the mainstay of our cultural fabric.

One of the purposes of the Arts Endowment's basic program under Sec. 5(c) is to "provide or support . . . projects and productions that will encourage and assist artists and enable them . . . to achieve standards of professional excellence." Apprenticeship programs help bridge the gap between formal training and professional status and provide the new artists with an opportunity to grow artistically. Such programs clearly contribute to the achievement of professional excellence by artists in this country.

The Endowment, on a program-by-program basis, currently funds various apprenticeship-type training programs which assist artists in the last stage of their professional development. For example, the Music Program funds the Exxon/Endowment special program which provides an opportunity for a few young conductors to each spend a year with a major symphony. The Theatre Program for the past two years has funded a director-fellow program to give young directors the opportunity to work for a year with a professional theatre company under a seasoned director. The Dance Program provides money to second dance companies which serve as training ground for the parent companies.

The Committee encourages the Endowment to continue funding these apprenticeship programs, to provide increased support for these

types of programs, and to provide for an Endowment-wide focus on this issue of professional development/apprenticeship programs. While the various discipline programs at the Endowment have the greatest understanding of the need for and the type of apprenticeship program for their respective disciplines, interdisciplinary communication on matters of professional training and development of young artists is also important. The suggestion was made in testimony before the Subcommittee that the Endowment establish a formal committee made up of representatives of the various program disciplines to provide communication on this issue of professional development/apprenticeship on an Endowment-wide basis. Such a committee might better enable the Endowment to assist and encourage artists to achieve professional excellence, and the Committee urges the Endowment to carefully consider this suggestion.

The Committee is apprised of the existence of some arts service organizations which, among other services, offer information and counseling to employers of artists and performers on tactics for negotiating with organizations representing those artists and performers and on means of diminishing the effectiveness of those organizations. Art service organizations which engage in such labor management relations activities involving employees other than their own are not, in the Committee's view, appropriate recipients of grants from the Arts Endowment.

#### *National Council on the Arts*

During the reauthorization of the National Foundation for the Arts and the Humanities Act in 1976, provision was made for Senate confirmation of nominees to the National Council on the Arts and the National Council on the Humanities. Under this procedure, all nominees to the Councils are thoroughly reviewed by the White House staff before submission of names to the President, a review that includes an exhaustive investigation by the Federal Bureau of Investigation. Then, under present law, after the President has sent the names of nominees to the Senate, a separate and equally detailed investigation is undertaken. This Senate investigation is essentially duplicative of the one already performed by the executive branch. It places an unwarranted burden on nominees as well as frequently causing substantial delay in filling vacancies on the Councils. The Committee is persuaded that the previous practice of thorough scrutiny of potential nominees by the President in consultation with the Endowments is sufficient to insure that the Councils will be balanced and that their members will be persons of high integrity and qualifications. Therefore the bill repeals the requirement that members of the National Council on the Arts and the National Council on the Humanities be confirmed by the Senate.

#### *National Endowment for the Humanities*

H.R. 7153 revises the allocation of the Humanities Endowment funds that must be provided to the state humanities councils. The system under current law works as follows:

1. Not less than 20 percent of the Endowment's basic program funds must be allotted to the state humanities councils.
2. Of this amount, each state gets a basic grant of \$200,000.

3. If there are sums remaining after each state receives its basic grant, the Chairman may allot an amount equal to 25 percent of the total state share on a discretionary basis.

4. If there are additional sums remaining, they are divided equally among the states.

H.R. 7153 does the following:

1. Each state receives a \$200,000 basic grant.

2. If there are sums remaining after each state receives its basic grant, then the Chairman allots 34 percent of the excess on a discretionary basis.

3. Forty-four percent of the excess is given to the states on an equal basis.

4. twenty-two percent of the excess is allotted to the states on a per capita basis.

The Federation of Public Programs in the Humanities recommended to the Committee that 65 percent of the total funds for the states from the basic program be awarded to the councils on an equal basis, that 25 percent be awarded on a per capita basis and that 10 percent be awarded at the discretion of the Chairman. While this formulation was not adopted by the Committee, the bill does explicitly recognize and provide for a portion of the funds to be allocated on a per capita basis. The Committee also wishes to acknowledge and express its appreciation for the constructive and thoughtful contribution of the Federation of Public Programs in the Humanities to its deliberations.

Changes in the authority of the Humanities Endowment with respect to support for humanities entities in jurisdictions with a population of less than 200,000 and with respect to inter-agency agreements are made. These are parallel to the same changes made in the authority of the Arts Endowment and the intent of the Committee with respect to these changes is the same with respect to the Humanities Endowment as for the Arts Endowment as noted above.

Section 7(g) of the National Foundation on the Arts and the Humanities Act, enacted in 1976, requires that any grantee of the National Endowment for the Humanities provide "adequate assurances to the Secretary of Labor that . . . all professional performers and related or supporting professional personnel employed on projects or productions . . . will be paid . . . 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."

Section 7(g) is almost identical to Section 5(i) of the Act which relates to grants of the National Endowment for the Arts. To be operative, both sections require standards, regulations, and procedures which must be prescribed by the Department of Labor. In the case of section 5(i), these standards, regulations, and procedures have been in effect for several years. Yet, almost four years after enactment of section 7(g), its effect is frustrated by the failure of the Department of Labor to prescribe standards, regulations, and procedures to implement it. The Committee regards this as an inexcusable dereliction of responsibility by the Department of Labor which has the consequence of denying professional artists and performers and related or sup-



portive professional personnel the economic protection and benefits intended for them by the Congress.

The Committee insists that the Department of Labor act forthwith to prescribe appropriate standards, regulations, and procedures to implement section 7(g) of the Act.

#### *National Council on the Humanities*

The intent of the Committee with respect to the removal of the requirement that members of the National Council on the Humanities be confirmed by the Senate is noted above.

At the recommendation of the administration, the bill increases the maximum size of the Chairman's discretionary grants from \$17,500 to \$30,000. The Committee commends the Chairman of the Humanities Endowment for the prudence and caution that has been exercised in awarding such grants. The Committee expects that these grants will continue to be used for all of the purposes contemplated in the act, namely to respond flexibly to special or unique circumstance surrounding a given application and not primarily to respond to emergency situations caused by inadequate time for the normal review of an application.

#### *Federal Council on the Arts and Humanities*

The bill broadens the mandate of the Federal Council to include undertaking studies and making reports which address the state of the arts and humanities, particularly with respect to their economic needs and problems. The Federal Council is mandated to undertake two specific studies. First, it is instructed to undertake a one year study of "the state of employment opportunities for professional artists." Second, it is instructed to undertake a one-year study of the effectiveness of the Arts and Artifacts indemnity program, possible expansion of this program with respect to objects loaned by lenders located in the United States for exhibition in the United States as well as other means to encourage and facilitate wider sharing of objects of art and other artifacts in the United States.

The Commissioner on Aging is made a member of the Federal Council. Through a hearing conducted by the Subcommittee on Human Services of the House Select Committee on Aging, chaired by Mr. Biaggi of New York, it became apparent that working relations between the Administration on Aging and the Arts Endowment are inadequate to assure that older persons are effectively served both as recipients of grants and contracts and as audiences at events supported with Arts Endowment funds. Membership of the Commission on Aging on the Federal Council should help to remedy this situation.

#### *Administrative provisions*

The National Council on the Arts, the National Council on the Humanities and the advisory panels which serve the Endowments frequently hold discussions which touch on highly sensitive matters relating to grant review, closely related policy discussions, personnel matters and the like. There is therefore a need, in some cases, for confidentiality, to the extent allowed by law, in order to protect the rights of applicants and employees as well as to insure the proper functioning of the Councils and the advisory panels. In particular,

the Committee believes that if the advice of the Councils is to be most useful to the Chairmen, it must be candid, freely given and unfettered. The Committee commends the balance that the Endowments have struck between the interest of the agencies in obtaining candid and expert advice and the interest of the general public in being properly informed about the Endowments' activities. The Committee believes that this balance is necessary to maintain the dedication to service and professionalism so essential to the work of the Councils and the panels.

The bill directs the Chairman of the National Endowment for the Arts and the National Endowment for the Humanities to conduct a study of their respective Treasury Fund programs. The Committee is concerned that an increasing percentage of the Endowments' appropriated funds are being devoted to these Treasury programs which require a high level of matching. This emphasis may be placing an unfair burden on arts and humanities institutions, particularly at a time when economic conditions discourage philanthropy. The Committee hopes that these studies will carefully assess the role of the Treasury Fund programs within the Endowments' total programs and the impact of these programs on the financial resources of grant recipients. The Committee suggests that a higher proportion of the Endowments' appropriated funds be devoted to the regular program accounts which provide greater flexibility, particularly in meeting the needs of emerging institutions in the arts and humanities, rather than to the Treasury mechanisms.

At the recommendation of the administration, the bill requires that advisory panels appointed to review or make recommendations with respect to the approval of applications or projects for funds shall be "culturally diverse" as well as having "broad geographic representation." The programs of the Arts and Humanities Endowments are crucial to the development and promotion of ethnic and cultural diversity in this Nation. This Committee also strongly believes that the Endowments should be sensitive to maintaining cultural diversity in its awards, as well as its employment and hiring practices.

People of Eastern and Southern European ethnic origin have been traditionally overlooked by Federal agencies. Little effort is made to systematically collect or retain data on people of these backgrounds who are outside of legal definitions of "minority," despite the fact that they are denied equal access to federal programs. The Civil Rights Commission has been required to conduct a study to determine if and to what extent affirmative action programs within the federal government have discriminated against people from these particular ethnic groups. The Committee believes that the Arts Endowment and the Humanities Endowment should pay careful attention to the results of this study.

While members of these ethnic groups have often faced discrimination in the employment sphere, they have also been underrepresented in the number of grants they receive. The Arts and the Humanities Endowments are to be commended for the sensitivity which they have displayed. Their efforts are commendable—frequently far beyond those of other federal agencies. However, the Committee believes that the Endowments must sustain their commitment to equal access to programs by all Americans. They should continue to expand participation by these groups in all their programs and advisory panels.

### *Authorization of appropriations*

The bill simplifies the administrative procedures for the Treasury Fund programs of both Endowments. Under current law, money actually must be received by the Endowments in order to release Federal funds for grants made under the Treasury Fund programs. These grants then consist of the Federal funds plus the grantee's funds which are returned to the grantee. The bill permits donors to submit their gifts directly to grantee organizations, which would in turn certify receipt of the funds to the Endowments. The Endowments would then release the appropriate amount of funds from the Treasury. The Committee expects that in using this simpler procedure the Endowments will impose safeguards to insure that the new certification procedure, that is by the grantees themselves to the Endowment, maintains high standards of accountability.

## INSTITUTE OF MUSEUM SERVICES

### *Historical background*

The Museum Services Act was title II of the Arts, Humanities and Cultural Affairs Act of 1976 and was established by Public Law 94-462.

The legislation established in the Department of Health, Education, and Welfare the Institute of Museum Services which is administered by a Director with the advice of the National Museum Services Board. The Director and members of the Board are appointed by the President.

### *Institute of Museum Services program*

The legislation raises the Director of the Institute of Museum Services from Executive Level V to Executive Level IV. Since the Museum Services Act requires the Director to coordinate its programs with those of the Arts and Humanities Endowments, placement of the Director of Executive Level IV will facilitate relationships with the Chairmen of the Endowments and with the Assistant Secretaries in the Department of Education. In addition, the bill requires that the Director report "directly" to the Secretary of Education with respect to the activities, budget and policies of the Institute. The purposes and functions of the Institute cross the boundaries of major sectors of the new Department of Education—elementary and secondary education, postsecondary education, vocational and adult education, special education, rehabilitation services and education research and improvement. The Institute's program of providing general operating support on a qualitative basis is also unique in the Department. The Committee therefore believes that this direct relationship to the Secretary will facilitate the coordination of education and museum programs and will highlight the importance of museums as educational resources as well as conservators of the national cultural, historic and scientific heritage.

The bill expands the universe of potential recipients of assistance from the Institute to include professional museum organizations. The Committee recognizes that projects that benefit museums collectively can frequently be more efficiently developed and operated by a professional museum organization rather than by individual museums.

The bill amends the Department of Education Organization Act to

withdraw from the Secretary of Education the authority to "consolidate, alter, or discontinue" the Institute of Museum Services. The Committee believes strongly that the Institute should retain its organizational identity in the Department of Education. This is consistent with the Committee's action in increasing the level of compensation of the Director of the Institute and specifying that the Director of the Institute shall report directly to the Secretary of Education.

#### ARTS AND ARTIFACTS INDEMNITY ACT

The Committee notes with enthusiasm the success of the Arts and Artifacts Indemnity program. It has facilitated bringing nearly seventy exhibitions of the greatest artistic and archeological treasures of the world to this nation, including the *Treasures of Tutankhamun*, the *Splendor of Dresden*, *Pompeii AD 79* and *Early Irish Art*. These exhibitions were experienced and enjoyed by millions of Americans. The program has provided over a billion dollars in indemnities with no losses to the Federal government and has enabled participating museums to save more than \$7 million in insurance premiums. At the recommendation of the administration, the bill provides for a sliding scale of deductibles related to the total value of the exhibition. The increased values of works of art and other artifacts and the increased costs of repairing minor damage have increased the potential for many small claims. The higher deductibles for larger exhibitions will reduce the risk of liability to the United States, without imposing unnecessary hardships on small museums and exhibitions.

The bill also raises the aggregate amount of loss or damage that may be covered by indemnity agreements from \$250 million to \$400 million. This change reflects a number of factors including the increased values of works of arts and other artifacts in the period since the enactment of the program and the growth in demand for support from the program. The Committee expects that the Federal Council and the Arts Endowment will provide increased administrative support for this program commensurate with its increased workload and responsibilities.

#### STATEMENT OF INFLATIONARY IMPACT

This bill, in the Committee's opinion, will have no inflationary impact.

#### OVERSIGHT

In preparation for the reauthorization of the National Foundation on the Arts and the Humanities Act and the Museum Services Act, the Subcommittee on Postsecondary Education held 8 days of hearings on the programs authorized by the Acts as well as on the Arts and Artifacts Indemnity Act. These hearings made it possible for the Subcommittee to thoroughly examine problem areas and possible solutions. This legislation is the result of careful consideration of the views of the numerous witnesses who testified or otherwise communicated with the Subcommittee.

The Committee has received no findings or recommendations concerning oversight of the provisions contained in H.R. 7153 from the Committee on Government Operations.

## COST ESTIMATES

The cost estimate of the Congressional Budget Office follows. The Committee enthusiastically shares the optimism of the Office that the appropriations for these programs will rise at least to keep pace with the rate of inflation.

CONGRESSIONAL BUDGET OFFICE,  
U.S. CONGRESS,  
Washington, D.C., May 7, 1980.

HON. CARL D. PERKINS,  
Chairman, 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. 7153, the Arts and Humanities Act of 1980.

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

Sincerely,

JAMES BLUM,  
(For Alice M. Rivlin, Director).

## CONGRESSIONAL BUDGET OFFICE

## COST ESTIMATE

MAY 7, 1980.

1. Bill number: H.R. 7153.
2. Bill title: Arts and Humanities Act of 1980.
3. Bill status: Ordered reported from the House Committee on Education and Labor, April 29, 1980.
4. Bill purpose: The purpose of this bill is to amend and extend the authorization of appropriations contained in both the National Foundation on the Arts and Humanities Act of 1965 and the Museum Services Act. In addition, this bill modifies certain coverage provisions contained in the Arts and Indemnity Act. This bill is subject to subsequent appropriation action.
5. Cost estimate (by fiscal years):

(In millions of dollars)

	1981	1981	1983	1984	1985
<b>Title I:</b>					
National Endowment for the Arts:					
Authorization level .....	200	218	237	256	276
Estimated outlays .....	100	185	225	244	265
National Endowment for the Humanities:					
Authorization level .....	190	208	225	243	262
Estimated outlays .....	95	176	214	232	250
Subtotal, title I:					
Authorization level .....	390	426	462	499	538
Estimated total outlays .....	195	361	439	476	515
<b>Title II:</b>					
National Museum Services Board:					
Authorization level .....	25	27	30	32	35
Estimated outlays .....	13	23	28	31	33
<b>Bill total:</b>					
Authorization level .....	405	453	492	531	573
Estimated total outlays .....	208	384	467	507	548

The costs of this bill fall within budget function 500.

6. Basis for estimate:

*Title I and Title II.*—The costs associated with H.R. 7153 are based upon the authorization levels stated in the bill for the National Endowment for the Arts, the National Endowment for the Humanities, and the Institute of Museum Services for fiscal year 1981. Employing these base authorization levels, the authorization levels for the three institutions during the fiscal years 1982 through 1985 are inflated, reflecting CBO's latest consumer price index projections. Estimated total outlays assume full appropriation of authorization levels. The outlay spendout rates for the three institutions reflect the historical rates of 50 percent the first year, 38 percent the second year, and 12 percent the third year.

*Title III.*—Title III amends the Arts and Artifact Indemnity Act. Under current law, the ceiling for aggregate loss or damage covered by indemnity agreements at any one time is \$250 million. In addition, under current law, no exhibition shall be covered for an amount greater than \$50 million, of which the first \$15 thousand is to be paid by the exhibitor.

This bill increases the ceiling to \$400 million for the aggregate loss or damage that is to be covered by indemnity agreements at any one time. Simultaneously, this bill imposes greater funding requirements on the exhibitor, reducing federal liability for any one exhibit. Because no damage claims have been filed against the federal government since the inception of this program, it is expected that claims will not be filed as a result of this bill. These provisions, therefore, will have no budgetary impact.

7. Estimate comparison: None.

8. Previous CBO estimate: None.

9. Estimate prepared by: Renee Masi and Deborah Kalcevic.

10. Estimate approved by:

C. G. NICKOLS,  
(For James L. Blum,  
Assistant Director for Budget Analysis).

#### SECTION-BY-SECTION ANALYSIS OF H.R. 7153

SEC. 101(a): Clarifies the definition of the humanities to include "the history, criticism, and theory of the arts" rather than "the history, criticism, theory and practice of the arts."

Section 101(b): Provides the Humanities Endowment with the authority to support "renovation of facilities." The Arts Endowment now has this authority.

Section 101(c): Includes the Northern Mariana Islands in the definition of "State."

Section 101(a)(1) and (3): Provides the Arts Endowment with the authority to make loans. The Humanities Endowment now has this authority.

Section 102(a)(2): Modifies one of the purposes of the Arts Endowment basic program to read as follows: "to provide or support projects

and productions which have substantial artistic and cultural significance, giving emphasis to American creativity and cultural diversity and the maintenance and encouragement of professional excellence;”

Section 102(b)(1): Strikes obsolete language relating to the arts agency in the District of Columbia.

Section 102(b)(2): Provides that jurisdictions other than states of the union which are included in the definition of “State” and which have a population of less than 200,000 will not receive the full \$200,000 basic grant to the state agencies from the Arts Endowment.

Section 102(c): Permits the Chairman of the Arts Endowment to use regular program funds to carry out interagency agreements.

Section 102(d): Modifies and clarifies the Arts Endowment’s Challenge Grant program to include challenge grants to provide “additional support for cooperative efforts undertaken by state arts agencies and local art groups to promote effective art activity at the state and local level, including support of professional artists in community-based residencies.”

Section 102(e): Repeals the obsolete bicentennial film project.

Section 103(a): Strikes the requirement that members of the National Council on the Arts be confirmed by the Senate.

Section 103(b): Gives all the terms of members of the National Council on the Arts a common expiration date in the year in which their terms end.

Section 104(a): Modifies the allocation of Humanities Endowment funds to state humanities councils. The system under current law works as follows:

1. Not less than 20 percent of the Endowment’s basic program funds must be allotted to the state humanities councils.
2. Of this amount, each state gets a basic grant of \$200,000.
3. If there are sums remaining after each state receives its basic grant, the Chairman may allot an amount equal to 25 percent of the total state share on a discretionary basis.
4. If there are additional sums remaining, they are divided equally among the states.

H.R. 7153 does the following:

1. Each state receives a \$200,000 basic grant.
2. If there are sums remaining after each state receives its basic grant, then the Chairman allots 34 percent of the excess on a discretionary basis.
3. Forty-four percent of the excess is given to the states on an equal basis.
4. Twenty-two percent of the excess is allotted to the states on a per capita basis.

Section 104(b): Provides that jurisdictions other than states of the union which are included in the definition of “State” and which have a population of less than 200,000 will not receive the full \$200,000 basic grant to state councils from the Humanities Endowment.

Section 104(c): Permits the Chairman of the Humanities Endowment to use regular program funds to carry out interagency agreements.

Section 105(a): Strikes the requirement that members of the National Council on the Humanities be confirmed by the Senate.

Section 105(b) : Increases the maximum size of discretionary grants by the Chairman of the Humanities Endowment from \$17,500 to \$30,000.

Section 106(a) : Includes the Commissioner on Aging as a member of the Federal Council on the Arts and the Humanities.

Section 106(b) : Expands the mandate of the Federal Council on the Arts and Humanities to include "undertake studies and make reports which address the state of the arts and humanities, particularly with respect to their economic needs and problems."

Section 106(c) : Mandates the Federal Council to undertake a one year study of "the state of employment opportunities for professional artists." The study will be carried out in cooperation with the Department of Labor, assess the effectiveness of CETA in serving artists and assess the need for new programs to "serve and enhance the employment opportunities of professional artists." The study will be independent and not subject to review in the executive branch. It also mandates the Federal Council to undertake a one year study of the effectiveness of the arts and artifacts indemnity program as well as other means to encourage and facilitate broader sharing of art objects by museums and others within the United States.

Section 107(a) : Provides that advisory panels used to review applications shall be "culturally diverse" as well as having "broad geographic representation."

Sections 107(b) and (c) : Changes the dates for the Annual Reports of the Endowments from January 15 to April 15.

Section 107(d) : Mandates that the Chairman of each endowment undertake a study of their Treasury Fund program to assess their incentive effect and their administrative complexity.

Section 108: Authorizations. H.R. 7153 provides the following authorizations for the National Endowment for the Arts and the National Endowment for the Humanities:

(Dollar amounts in millions)

	1981	1982	1983	1984	1985
<b>National Endowment for the Arts:</b>					
Basic.....	\$132.5	Such sums	Such sums	Such sums	Such sums
Treasury.....	18.5	Such sums	Such sums	Such sums	Such sums
Challenge.....	35.0	Such sums	Such sums	Such sums	Such sums
Administration.....	14.0	Such sums	Such sums	Such sums	Such sums
<b>Total.....</b>	<b>200.0</b>	<b>Such sums</b>	<b>Such sums</b>	<b>Such sums</b>	<b>Such sums</b>
<b>National Endowment for the Humanities:</b>					
Basic.....	\$127.0	Such sums	Such sums	Such sums	Such sums
Treasury.....	17.0	Such sums	Such sums	Such sums	Such sums
Challenge.....	33.0	Such sums	Such sums	Such sums	Such sums
Administration.....	13.0	Such sums	Such sums	Such sums	Such sums
<b>Total.....</b>	<b>190.0</b>	<b>Such sums</b>	<b>Such sums</b>	<b>Such sums</b>	<b>Such sums</b>

The draft also simplifies administratively the Treasury Fund programs.

Section 109(a) : Updates a reporting requirement under the Arts Endowment basic program to refer to the Senate Committee on Labor



and Human Resources rather than the Committee on Labor and Public Welfare.

Section 109(b) : Corrects a printing error.

Section 109(c) : Updates a reporting requirement under the Humanities Endowment basic program to refer to the Senate Committee on Labor and Human Resources rather than the Committee on Labor and Public Welfare.

Section 109(d) : Updates the membership of the Federal Council on the Arts and the Humanities to include the Secretary of Education rather than the United States Commissioner of Education.

Section 201(a) : Updates the placement of the Institute of Museum Services within the executive branch to be within the Department of Education rather than in the Department of Health, Education, and Welfare.

Section 201(b) : Updates the membership of the National Museum Services Board to include the Secretary of Education rather than the Commissioner of Education.

Sections 201(c)(1) and (4) : Increase the level of compensation of the Director of the Institute of Museum Services from level V of the Executive Schedule to level IV.

Section 201(c)(2) : Requires that the Director of the Institute of Museum Services report "directly" to the Secretary of Education rather than to the Secretary of Health, Education, and Welfare.

Section 201(c)(3) : Updates the list of Federal agencies to be advised by the Director of the Institute of Museum Services to include the Department of Education rather than the Department of Health, Education, and Welfare.

Section 201(d)(1) : Permits the Institute of Museum Services to provide financial assistance to professional museum organizations to strengthen museum service programs.

Section 201(d)(2) : Broadens the types of assistance that can be provided by the Institute of Museum Services to include "contracts and cooperative agreements" in addition to "grants."

Section 201(d)(3) : Provides that the Institute of Museum Services will establish procedures for the review of applications for assistance.

Section 201(e) : Authorizations. H.R. 7153 provides for an authorization of \$25 million for FY 1981 and "such sums" for the succeeding fiscal years through FY 1985 for the Institute of Museum Services.

Section 202 : Amends the Department of Education Organization Act to remove the Secretary's authority to "consolidate, alter or discontinue" the Institute of Museum Services.

Section 301 : Raises the ceiling on the aggregate of loss or damage covered by indemnity agreements at any one time from \$250 million to \$400 million.

Section 302 : Changes the present deductible of \$15,000 for every indemnity agreement to a sliding scale of deductibles related to the total value of the exhibition.

#### CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

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 matter is printed in italics, existing law in which no change is proposed is shown in roman) :

## NATIONAL FOUNDATION ON THE ARTS AND HUMANITIES ACT OF 1965

## DEFINITIONS

## SEC. 3. As used in this Act—

(a) The term "humanities" includes, but is not limited to, the study of the following: language, both modern and classical; linguistics; literature; history; jurisprudence; philisophy; archeology; comparative religion; ethics; the history, criticism, [theory, and practice] *and theory* of the arts; those aspects of the social sciences which have humanistic content and employ humanistic methods; and the study and application of the humanities to the human environment with particular attention to the relevance of the humanities to the current conditions of national life.

(d) The term "project" means existing programs which further the purposes of this Act, and programs newly organized to further such purposes, including programs to foster American artistic creativity, to commission works of art, to create opportunities for individuals to develop artistic talents when carried on as a part of a program otherwise included in this definition, and to develop and enhance public knowledge and understanding of the arts, and includes, where appropriate, rental, or purchase of facilities, purchase or rental of land, and acquisition of equipment. Such term also includes—

(1) the renovation of facilities if (A) the amount of the expenditure of Federal funds for such purpose in the case of any project does not exceed \$250,000, or (B) two-thirds of the members of the National Council on the Arts *or the National Council on the Humanities*, as the case may be (who are present and voting) approved of the grant or contract involving an expenditure for such purpose; and

(2) the construction of facilities if (A) such construction is for demonstration purposes or under unusual circumstances where there is no other manner in which to accomplish an artistic purpose, and (B) two-thirds of the members of the National Council on the Arts (who are present and voting) approve of the grant or contract involving an expenditure for such purpose.

(g) The term "State" includes, in addition to the several States of the Union, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, *the Northern Mariana Islands*, and the Virgin Islands.

## ESTABLISHMENT OF THE NATIONAL ENDOWMENT FOR THE ARTS

## SEC. 5. (a) \* \* \*

(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 *or loans* 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—

(1) projects and productions which have substantial artistic and cultural significance, giving emphasis to American creativity and cultural diversity 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]** *Human Resources* of the Senate and the Committee on Education and Labor of the House of Representatives a report justifying any exemption from such section 501. *Any loans made by the Chairman under this subsection shall be made in accordance with terms and conditions approved by the Secretary of the Treasury.*

\* \* \* \* \*

(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]~~ *Except as provided in paragraph (4) (E), 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 (except as provided in paragraph (4) (E)) 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] *projects* 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 multistate group, whether or not representative of contiguous States.*

(E) *If any jurisdiction specified in section 3(g), other than the several States of the Union, has a population of less than 200,000 (according to the most recent decennial census), then such jurisdiction shall not be entitled to an allotment of at least \$200,000 under paragraph (3). The Chairman may allot to any such jurisdiction under paragraph (3) such amounts as the Chairman considers appropriate in order to carry out the purposes of this Act, except that any such amount shall be less than \$200,000.*

\* \* \* \* \*

(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. *The Chairman may enter into interagency agreements to promote or assist with the arts-related activities of other Federal agencies, on a reimbursable or nonreimbursable basis, and may use funds authorized to be appropriated for the purposes of subsection (c) for the cost of such activities.*

(1) (1) The Chairman of the National Endowment for the Arts, with the advice of the National Council on the Arts, is authorized, in accordance with the provisions of this subsection, to establish and carry out a program of contracts with, or grants-in-aid to, public agencies and private nonprofit organizations, *on a national, State, or local level*, for the purpose of—

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

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

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

*(D) providing additional support for cooperative efforts undertaken by State arts agencies with local arts groups to promote effective arts activity at the State and local level, including support of professional artists in community-based residencies;*

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

[(E)] (F) fostering greater citizens involvement in planning the cultural development of a community.

[(m)] (1) From funds appropriated to the Endowment and apportioned to each State pursuant to section 11(a)(4), the Endowment is authorized to provide, by grant or contract, financial assistance to the State arts agency of each State, pursuant to such regulations and guidelines as the Endowment shall establish to permit such State agency to support one or more photography or film projects meeting the purposes of this subsection. Such assistance shall also be available for acquiring essential supplies, and for administrative or supervisory personnel, and for processing and cataloging, and for the display (and related activities) of the photographs and films produced with assistance under this subsection.

[(2)] (A) No financial assistance may be made under this subsection unless an application is made at such time, in such manner, and containing or accompanied by such information, as the Endowment determines is reasonably necessary.

[(B)] In providing financial assistance under this subsection, each State shall give consideration to proposals which involve promising

and qualified photographers or film makers who are unemployed or underemployed.

[(3) From funds allotted to the Endowment pursuant to section 11(a) (4), the Endowment shall pay the costs of administration, provide for collection and dissemination of a representative collection of photographs and films produced pursuant to this subsection, and provided direct assistance to applicants for photography or film projects of special merit which meet the purposes of this subsection. The Endowment shall assure that representative photographs and films (including, where appropriate, negatives) produced with assistance furnished under this subsection are made available for the permanent collection of the Library of Congress.]

#### 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.

(c) Each member shall hold office for a term of six years, and the terms of office shall be staggered. *The terms of office of all Council members shall expire on the 3rd day of September in the year of expiration.* No member shall be eligible for reappointment during the two-year period following the expiration of his term. Any member appointed to fill a vacancy shall serve for the remainder of the term for which his predecessor was appointed.

\* \* \* \* \*

#### ESTABLISHMENT OF THE NATIONAL ENDOWMENT FOR THE HUMANITIES

SEC. 7. (a) \* \* \*

\* \* \* \* \*

(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 41, 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]** *Human Resources* of the Senate and the Committee on Education and Labor of the House of Representatives a report justifying any exemption from such section 501.

\* \* \* \* \*

(f) (1) \* \* \*

\* \* \* \* \*

(4) **[Of]** *Except as provided in paragraph (5)(E), 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 percentum 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 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.]

(A) 34 percent of the amount of such excess for such fiscal year shall be available to the Chairman for making grants under this subsection to entities applying for such grants;

(B) 44 percent of the amount of such excess for such fiscal year shall be allotted in equal amounts among the grant recipients which have plans approved by the Chairman; and

(C) 22 percent of the amount of such excess for such fiscal year shall be allotted among the grant recipients which have plans approved by the Chairman in amounts which bear the same ratio to such excess as the population of the State for which the plan is approved (or, in the case of a grant recipient other than a State, the population of the State in which such grant recipient is located) bears to the population of all the States.

(5) (A) Whenever the provisions of paragraph (3) (B) of this subsection apply in any State, that part of any allotment made under paragraph (4) 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 that State.

(B) Any amount allotted to a State under the first sentence of paragraph (4) for any fiscal year which is not obligated by the grant recipient prior to sixty days prior to the end of the fiscal year for which such sums are appropriated shall be available to the Chairman 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 purposes of this paragraph, the term "regional group" means any multistate group, whether or not representative of contiguous States.

(E) If any jurisdiction specified in section 3(g), other than the several States of the Union, has a population of less than 200,000 (according to the most recent decennial census), then such jurisdiction shall not be entitled to an allotment of at least \$200,000 under the first sentence of paragraph (4). The Chairman may allot to any such jurisdiction under paragraph (4) such amounts as the Chairman considers appropriate in order to carry out the purposes of this Act, except that any such amount shall be less than \$200,000.

\*     \*     \*     \*     \*     \*     \*

(i) The Chairman may enter into interagency agreements to promote or assist with the humanities-related activities of other Federal agencies, on either a reimbursable or nonreimbursable basis, and may use funds authorized to be appropriated for the purposes of subsection (c) for the costs of such activities.

#### 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 on 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.

\* \* \* \* \*

(f) The Council shall (1) advise the Chairman with respect to policies, programs, and procedures for carrying out his functions, and (2) shall review applications for financial support and make recommendations thereon to the Chairman. The Chairman shall not approve or disprove any such application until he has received the recommendation of the Council on such application, unless the Council fails to make a recommendation thereon within a reasonable time. In the case of any application involving [ \$17,500 ] \$30,000, or less, the Chairman may approve or disapprove such request if such action is taken pursuant to the terms of a delegation of authority from the Council to the Chairman, and provided that each such action by the Chairman shall be reviewed by the Council: *Provided*, That the terms of any such delegation of authority shall not permit obligations for expenditure of funds under such delegation for any fiscal year which exceed an amount equal to 10 per centum of the sums appropriated for that fiscal year pursuant to subparagraph (B) of paragraph (1) of section 11(a).

#### 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, ] *Secretary 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, *the Commissioner on Aging*, 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;

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

(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]

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

(6) *undertake studies and make reports which address the state of the arts and humanities, particularly with respect to their economic needs and problems.*

(d) (1) *The Council shall conduct a study of the state of employment opportunities for professional artists. Such study shall be undertaken in cooperation and consultation with the Secretary of Labor and shall address in particular (A) the effectiveness of existing Federal programs, such as programs administered under the Comprehensive Employment and Training Act, in serving and enhancing the employment opportunities of professional artists; and (B) the need for new programs to serve and enhance the employment opportunities of professional artists.*

(2) *Not later than one year after the date of the enactment of the Arts and Humanities Act of 1980, the Chairman of the Council shall submit a report to the President and to the Congress relating to the results of the study required in paragraph (1), including such findings and recommendations (including legislative recommendations) as may be appropriate. Any recommendation involving changes in Federal legislation shall be accompanied by draft legislation.*

(3) *Notwithstanding any other provision of law, no Federal agency or officer of the Federal Government shall have any authority to require the Council to submit the report required in paragraph (2) to any Federal agency or officer of the Federal Government for approval, comments, or review, before submission of such report to the Congress. The President may make such additional comments and recommendations with respect to the contents of such report as he may deem appropriate.*

(e) (1) *The Council shall conduct a study of (A) the effectiveness of the program authorized by the Arts and Artifacts Indemnity Act (20 U.S.C. 971 et seq.); (B) the impact and feasibility of expanding the existing indemnity program to include the indemnification of objects loaned by lenders located in the United States for exhibition exclu-*

sively in the United States; and (C) other means to encourage and facilitate the wider sharing within the United States of the items described in section 3(a) of the Arts and Artifacts Indemnity Act (20 U.S.C. 972(a)), such as the development of standardized insurance policies and the development of a Federal technical assistance program to improve the curatorial facilities and personnel of museums.

(2) Not later than one year after the date of the enactment of the Arts and Humanities Act of 1980, the Chairman of the Council shall submit a report to the President and to the Congress relating to the results of the study required in paragraph (1), including such finding and recommendations (including legislative recommendations) as may be appropriate. Any recommendation involving changes in Federal legislation shall be accompanied by draft legislation.

#### ADMINISTRATIVE PROVISIONS

SEC. 10. (a) In addition to any authorities vested in them by other provisions of this Act, the Chairman of the National Endowment for the Arts and the Chairman of the National Endowment for the Humanities, in carrying out their respective functions, shall each have authority—

(1) \* \* \*

(4) to utilize from time to time, as appropriate, experts and consultants, including panels of experts, who may be employed as authorized by section 15 of the Administrative Expenses Act of 1946, as amended (5 U.S.C. 55a) : *Provided, however,* That any advisory panel appointed to review or make recommendations with respect to the approval of applications or projects for funding shall have broad geographic and culturally diverse representation;

(b) The Chairman of the National Endowment for the Arts and the Chairman of the National Endowment for the Humanities shall each submit an annual report to the President for transmittal to the Congress on or before the 15th day of [January] April of each year. The report shall summarize the activities of the Endowment for the preceding year, and may include such recommendations as the Chairman deems appropriate.

(c) The National Council on the Arts and the National Council on the Humanities, respectively, may each submit an annual report to the President for transmittal to the Congress on or before the 15th day of [January] April of each year setting forth a summary of its activities during the preceding year or its recommendations for any measures which it considers necessary or desirable.

(d) (1) *The Chairman of the National Endowment for the Arts and the Chairman of the National Endowment for the Humanities each shall conduct a study of the use, sale, or other disposal of property under subsection (a) (2) for the purpose of carrying out sections 5(c) and 7(c). Each such study shall assess in particular (A) the effectiveness of such use, sale, or other disposal of property as an incentive for in-*

creasing the levels of non-Federal support; and (B) the extent to which activities carried out by each such Chairman under subsection (a) (2) result in undue administrative and financial burdens upon grant recipients.

(2) Not later than 2 years after the date of the enactment of the Arts and Humanities Act of 1980, each Chairman shall submit a report to the President and to the Congress relating to the results of the studies required in paragraph (1), including such findings and recommendations (including legislative recommendations) as may be appropriate. Any recommendation involving changes in Federal legislation shall be accompanied by draft legislation.

#### AUTHORIZATION OF APPROPRIATIONS

SEC. 11. (a) (1) (A) For the purpose of carrying out section 5 (c), there are authorized to be appropriated [ \$93,500,000 for fiscal year 1977, \$105,000,000 for fiscal year 1978, and such sums as may be necessary for fiscal years 1979 and 1980. ] to the National Endowment for the Arts \$132,500,000 for fiscal year 1981, and such sums as may be necessary for fiscal years 1982, 1983, 1984, and 1985. 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 \$93,500,000 for fiscal year 1977, \$105,000,000 for fiscal year 1978, and such sums as may be necessary for fiscal years 1979 and 1980. ] For the purpose of carrying out section 7 (c), there are authorized to be appropriated to the National Endowment for the Humanities \$127,000,000 for fiscal year 1981, and such sums as may be necessary for fiscal years 1982, 1983, 1984, and 1985. 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 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 \$20,000,000 for fiscal year 1977, \$25,000,000 for fiscal year 1978, and such sums as may be necessary for fiscal years 1979 and 1980.]

(2) (A) There are authorized to be appropriated for each fiscal year ending before October 1, 1985, to the National Endowment for the Arts an amount equal to the sum of—

(i) the total amounts received by such Endowment under section 10 (a) (2), including the value of property donated, bequeathed, or devised to such Endowment; and

(ii) the total amounts received by the grantees of such Endowment from non-Federal sources, including the value of property donated, bequeathed, or devised to such grantees, for use in carrying out projects and other activities under paragraph (1) through paragraph (5) of section 5 (c);

except that the amounts so appropriated to the National Endowment for the Arts shall not exceed \$18,500,000 for fiscal year 1981, and such sums as may be necessary for fiscal years 1982, 1983, 1984, and 1985.

(B) There are authorized to be appropriated for each fiscal year ending before October 1, 1985, to the National Endowment for the Humanities an amount equal to the sum of—

(i) the total amounts received by such Endowment under section 10(a)(2), including the value of property donated, bequeathed, or devised to such Endowment; and

(ii) the total amounts received by the grantees of such Endowment from non-Federal sources, including the value of property donated, bequeathed, or devised to such grantees, for use in carrying out activities under paragraph (1) through paragraph (7) of section 7(c);

except that the amounts so appropriated to the National Endowment for the Humanities shall not exceed \$17,000,000 for fiscal year 1981, and such sums as may be necessary for fiscal years 1982, 1983, 1984, and 1985.

[(3) (A) There is authorized to be appropriated for each fiscal year ending before October 1, 1980, to the National Endowment for the Arts an amount equal to the total amounts received by such Endowment for the purposes set forth in section 5(1)(1) pursuant to the authority of section 10(a)(2), except that the amount so appropriated to such Endowment shall not exceed \$12,000,000 for fiscal year 1977, and \$18,000,000 for fiscal year 1978. Such sums as may be necessary are authorized to be appropriated for fiscal years 1979 and 1980.

[(B) There are authorized to be appropriated for each fiscal year ending before October 1, 1980, to the National Endowment for the Humanities an amount equal to the total amounts received by such Endowment for the purposes set forth in section 7(h)(1) pursuant to the authority of section 10(a)(2), except that the amount so appropriated to such Endowment shall not exceed \$12,000,000 for fiscal year 1977, and \$18,000,000 for fiscal year 1978. Such sums as may be necessary are authorized to be appropriated for fiscal year 1979 and 1980.]

(3) (A) There are authorized to be appropriated for each fiscal year ending before October 1, 1985, to the National Endowment for the Arts an amount equal to the sum of—

(i) the total amounts received by such Endowment, including the value of property donated, bequeathed, or devised to such Endowment, for the purposes set forth in section 5(1)(1) pursuant to the authority of section 10(a)(2); and

(ii) the total amounts received by the grantees of such Endowment from non-Federal sources, including the value of property donated, bequeathed, or devised to such grantees, for use in carrying out activities under subparagraph (A) through subparagraph (F) of sections 5(1)(1);

except that the amounts so appropriated to such Endowment shall not exceed \$35,000,000 for fiscal year 1981, and such sums as may be necessary for fiscal years 1982, 1983, 1984, and 1985.

(B) There are authorized to be appropriated for each fiscal year ending before October 1, 1985, to the National Endowment for the Humanities an amount equal to the sum of—

(i) the total amounts received by such Endowment, including the value of property donated, bequeathed, or devised to such Endowment, for the purposes set forth in section 7(h)(1) pursuant to the authority of section 10(a)(2); and

(ii) the total amounts received by the grantees of such Endowment from non-Federal sources, including the value of property donated, bequeathed, or devised to such grantees, for use in carrying out activities under subparagraph (A) through subparagraph (F) of section 7(h)(1);

except that the amounts so appropriated to such Endowment shall not exceed \$33,000,000 for fiscal year 1981, and such sums as may be necessary for fiscal years 1982, 1983, 1984, and 1985.

[(4) (A) For the purposes of carrying out section 5(m), there are authorized to be appropriated to the National Endowment for the Arts \$4,000,000 for fiscal year 1977 and \$2,000,000 for fiscal year 1978. Sums appropriated pursuant to this subparagraph shall remain available until expended.

[(B) Not more than 75 per centum of the amounts appropriated pursuant to subparagraph (A) shall be allocated among the States in equal amounts for fiscal year 1977, and not more than 50 per centum of the amounts appropriated pursuant to subparagraph (A) shall be allocated among the States in equal amounts for fiscal year 1978.]

(4) The Chairman of the National Endowment for the Arts and the Chairman of the National Endowment for the Humanities, as the case may be, shall issue guidelines to implement the provisions of paragraph (2) and paragraph (3). Such guidelines shall be consistent with the requirements of section 5(c), section 5(l)(2), section 7(f), and section 7(h)(2), as the case may be, regarding total Federal support of activities, programs, projects, or productions carried out under authority of this Act.

\* \* \* \* \*

[(c) There are authorized to be appropriated such sums as may be necessary to administer the provisions of this Act, or any other program for which the chairman of the National Endowment for the Arts or the chairman of the National Endowment for the Humanities is responsible.]

(c)(1) There are authorized to be appropriated to the National Endowment for the Arts \$14,000,000 for fiscal year 1981, and such sums as may be necessary for fiscal years 1982, 1983, 1984, and 1985, to administer the provisions of this Act, or any other program for which the Chairman of the National Endowment for the Arts is responsible.

(2) There are authorized to be appropriated to the National Endowment for the Humanities \$13,000,000 for fiscal year 1981, and such sums as may be necessary for fiscal years 1982, 1983, 1984, and 1985, to administer the provisions of this Act, or any other program for which the Chairman of the National Endowment for the Humanities is responsible.

\* \* \* \* \*

## MUSEUM SERVICES ACT

## TITLE II—MUSEUM SERVICES

\* \* \* \* \*

 INSTITUTE OF MUSEUM SERVICES

SEC. 203. There is hereby established, within the Department of [Health, Education, and Welfare,] *Education*, an Institute of Museum Services. The Institute shall consist of a National Museum Services Board and a Director of the Institute.

\* \* \* \* \*

 NATIONAL MUSEUM SERVICES BOARD

SEC. 204. (a) (1) \* \* \*

(2) (A) In addition to members appointed by the President under paragraph (1), the following persons shall serve as members of the Board—

- (i) the Chairman of the National Endowment for the Arts;
  - (ii) the Chairman of the National Endowment for the Humanities;
  - (iii) the Secretary of the Smithsonian Institution;
  - (iv) the Director of the National Science Foundation; and
  - (v) the [Commissioner of Education] *Secretary of Education*.
- \* \* \* \* \*

\* \* \* \* \*

 DIRECTOR OF THE INSTITUTE

SEC. 205. (a) (1) The Director of the Institute shall be appointed by the President, by and with the advice and consent of the Senate, and shall serve at the pleasure of the President. The Director shall be compensated at the rate provided for level [V] *IV* of the Executive Schedule (5 U.S.C. 5316), and shall perform such duties and exercise such powers as the Board may prescribe.

(2) The Director shall report [to the Secretary of Health, Education, and Welfare] *directly to the Secretary of Education* with respect to the activities of the Institute. The Director shall not delegate any of his functions to any other officer who is not directly responsible to the Director.

(b) The Director shall advise the Board regarding policies of the Institute to assure coordination of the Institute's activities with other agencies and organizations of the Federal Government having interest in and responsibilities for the improvement of museums. Such Government agencies shall include the National Endowment for the Arts, the National Endowment for the Humanities, the National Science Foundation, appropriate units in the [Department of Health, Education, and Welfare] *Department of Education*, the Library of Congress, and the Smithsonian Institution and related organizations.

\* \* \* \* \*

## ACTIVITIES OF THE INSTITUTE

## SEC. 206. (a) \* \* \*

(b) (1) *The Director, subject to the policy direction of the National Museum Services Board, is authorized to enter into contracts and cooperative agreements with professional museum organizations to provide financial assistance to such organizations in order to enable such organizations to undertake projects designed to strengthen museum services, except that any contracts or cooperative agreements entered into pursuant to this subsection shall be effective only to such extent or in such amounts as are provided in appropriations Acts.*

(2) (A) *No financial assistance may be provided under this subsection for any project for a period in excess of one year.*

(B) *No grant may be provided under this subsection to pay for the operational expenses of any professional museum organization.*

(3) *The aggregate amount of financial assistance made under this subsection to professional museum organizations shall not exceed 5 percent of the amount appropriated under this Act for such fiscal year.*

(4) *For purposes of this subsection, the term "professional museum organization" means a private, nonprofit professional museum-related organization, institution, or association which engages in activities designed to advance the well-being of museums and the museum profession.*

[(b)](c) *Grants, contracts, and cooperative agreements under this section for any fiscal year may not exceed 50 per centum of the cost of the program for which the grant or financial assistance is made, except that not more than 20 per centum of the funds available under this section for any fiscal year may be available for grants or financial assistance in such fiscal year without regard to such limitation.*

(d) *The Director shall establish procedures for reviewing and evaluating grants, contracts, and cooperative agreements made or entered into this section.*

\* \* \* \* \*

## AUTHORIZATION OF APPROPRIATIONS

Sec. 209. [(a) For the purpose of making grants under section 206 (a), there are authorized to be appropriated \$15,000,000 for fiscal year 1977, \$25,000,000 for fiscal year 1978, and such sums as may be necessary for each of fiscal years 1979 and 1980.] (a) *For the purpose of making grants under section 206(a), there are authorized to be appropriated \$25,000,000 for fiscal year 1981, and such sums as may be necessary for fiscal years 1982, 1983, 1984, and 1985.*

\* \* \* \* \*

(d) For the purpose of enabling the Institute to carry out its functions under this title, during the period beginning on the date of the enactment of this Act and ending October 1, [1980] 1985, there is authorized to be appropriated an amount equal to the amount contributed during such period to the Institute under section 207.

\* \* \* \* \*



SECTION 413 OF THE DEPARTMENT OF EDUCATION ORGANIZATION ACT

TITLE IV—ADMINISTRATIVE PROVISIONS

• • • • •

PART B—GENERAL ADMINISTRATIVE PROVISIONS

• • • • •

REORGANIZATION

SEC. 413. (a) \* \* \*

(b) (1) The Secretary may, in accordance with paragraph (2) of this subsection, consolidate, alter, or discontinue any of the following statutory entities, or reallocate any functions vested by statute in the following statutory entities:

(A) \* \* \*

• • • • •

(L) the bureau for the education and training for the handicapped; and

[(M) the Institute of Museum Services; and]

[(N)](M) the administrative units for guidance and counseling programs, the veterans' cost of instruction program, and the program for the gifted and talented children.

• • • • •

SECTION 5 OF THE ARTS AND ARTIFACTS INDEMNITY ACT

INDEMNITY AGREEMENT

SEC. 5. (a) \* \* \*

(b) The aggregate of loss or damage covered by indemnity agreements made under this Act shall not exceed ~~[\$250,000,000]~~ \$400,000,000 at any one time.

[(d) Coverage under this Act shall only extend to loss or damage in excess of the first \$15,000 of loss or damage resulting from a single exhibition.]

(d) If the estimated value of the items covered by an indemnity agreement for a single exhibition is—

(1) \$2,000,000 or less, then coverage under this Act shall only extend to loss or damage in excess of the first \$15,000 of loss or damage to items covered;

(2) more than \$2,000,000 but less than \$10,000,000, then coverage under this Act shall only extend to loss or damage in excess of the first \$25,000 of loss or damage to items covered; or

(3) \$10,000,000 or more, then coverage under this Act shall only extend to loss or damage in excess of the first \$50,000 of loss or damage to items covered.

