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Outline of Arts, Humanities, Museums and Arts and Artifacts Bill

Sec. 101(a) = Modifies 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." Intended to clarify the respective roles of the Arts and Humanities Endowments with respect to the arts. Senate bill.

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." Administration proposal.

Section 102(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;" Senate bill and Administration proposal.

Section 102(b) (1) - Strikes obsolete language relating to the arts agency in the District of Columbia. Senate bill and Administration proposal.

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. Senate bill and Administration proposal.

Section 102(c) - Permits the Chairman of the Arts Endowment to use regular program funds to carry out interagency agreements. Senate bill and Administration proposal.

Section 102(d) = Modifies and clarifies the Arts Endowment's Challenge Grant program to include challenge grants made through either state or local arts agencies ("appropriate agencies") for regranting to "state and local arts groups" which can demonstrate a high quality effort ("which effectively serve in delivering and sustaining arts activities"). This change responds to the NASAA/NACAA proposal as well as the Clay bill in providing new recognition and the possibility of increased support for local arts agencies and programs. It avoids the fragmentation and duplication that would result from a separate new program for this purpose. It also avoids the high visibility of a new program and a new authorization in this inhospitable year for such initiatives.

Section 102(e) - Repeals the obsolete bicentennial film project.
Senate bill and Administration proposal.

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.
Senate bill and administration proposal.

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% 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% of the total state share on a discretionary basis.
4. If there are additional sums remaining, they are divided equally among the states.

For FY 1980, this works as follows:

\$112.5 m. NEH program funds	\$11.000 basic grants @ \$200,000
X.20 state share of program funds	\$ 5.625 m. Chairman's discretionary share
\$ 22.5 m. state program funds	(25% X \$22.5 m.)
	\$ 5.875 m. equal shares among the states
	\$22.5 m.

Thus, 75% of the state funds are allotted on an equal per state basis (\$11 m. basic grant + \$5.875 m.).

The Administration proposal increases the Chairman's discretionary share from 25% to 50% in steps from FY 1981 to FY 1985.

The Senate bill makes no changes in this allocation formula.

The State Humanities Councils propose that 65% of all the state funds be allotted on an equal per state basis, 25% on a per capita basis and 10% at the Chairman's discretion.

The staff draft does the following:

1. Each state receives a \$200,000 basic grant.
2. If there are sums remaining after each state receives its basis grant, then the Chairman allots 34% of the excess on a discretionary basis.

3. 44% of the excess is given to the states on an equal basis.
4. 22% of the excess is allotted to the states on a per capita basis.

For FY 1980, this would work as follows:

\$112.5 m. NEH program funds	\$11.0 m. basic grants @ \$200,000
X.20 state share of program funds	\$ 3.9 m. Chairman's discretionary share
\$ 22.5 m.	(34% X \$11.5 m.)
	\$ 5.1 m. equal shares among the states
	\$ 2.5 m. per capita
	\$22.5 m.

In sum, this approach provides 72% of the total state funds on an equal per state basis. This is less than the current proportion (75%), but not as little as recommended by the state humanities council (65%). It recognizes the per capita principle but does not go as far as the state humanities council would (11% rather than 25% of the total state funds). It reduces the Chairman's discretionary share but not as much as the state humanities councils would (17% rather than 10% of the total state funds).

In summary:

65/25/10 state humanities councils
72/11/17 staff draft
equal/per capita/discretionary

75/25 current law
equal/discretionary

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. Senate bill and Administration proposal.

Section 104(c) - Permits the Chairman of the Humanities Endowment to use regular program funds to carry out interagency agreements. Senate bill and Administration proposal.

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. Senate bill and Administration proposal.

Section 106(a) - 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(b) - 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. This is an effort to accommodate Mr. Weiss' concern for unemployed artists. It should be noted and the report should reflect that basic program of the Arts Endowment includes among its purposes "provide or support ... 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;"

Section 106(c) - Mandates the Federal Council to undertake a ~~two~~^{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." Senate bill and Administration proposa.

Sections 107(b) and (c) - Changes the dates for the Annual Reports of the Endowments from January 15 to April 15. Senate bill and Administration proposal.

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. These studies implicitly look toward possible merger of the Treasury Fund program and the Challenge Grant programs.

Section 108 - Authorizations. The Administration requested "such sums" for FY 1981 through FY 1985. The draft provides the following authorizations in comparison to the Senate bill:

National Endowment for the Arts

	1981		1982		1983		1984		1985	
	<u>Senate</u>	<u>Draft</u>	<u>Senate</u>	<u>Draft</u>	<u>Senate</u>	<u>Draft</u>	<u>Senate</u>	<u>Draft</u>	<u>Senate</u>	<u>Draft</u>
Basic	115.5	132.5	135.5	such sums	158.0	such sums	184.75	such sums	213.2	such sums
Treasury	18.5	18.5	18.5	such sums	18.5	such sums	20.0	such sums	22.5	such sums
Challenge	27.0	35.0	32.0	such sums	38.5	such sums	44.25	such sums	52.3	such sums
Admin.	14.0	14.0	15.0	such sums	16.0	such sums	17.0	such sums	18.0	such sums
TOTAL	175.0	200.0	201.0	such sums	231.0	such sums	266.0	such sums	306.0	such sums

National Endowment for the Humanities

	1981		1982		1983		1984		1985	
	<u>Senate</u>	<u>Draft</u>	<u>Senate</u>	<u>Draft</u>	<u>Senate</u>	<u>Draft</u>	<u>Senate</u>	<u>Draft</u>	<u>Senate</u>	<u>Draft</u>
Basic	114.5	127.0	132.5	such sums	153.5	such sums	178.0	such sums	206.0	such sums
Treasury	12.5	17.0	14.5	such sums	17.0	such sums	19.5	such sums	22.5	such sums
Challenge	30.0	33.0	34.5	such sums	40.0	such sums	46.0	such sums	53.0	such sums
Admin.	13.0	13	14.5	such sums	15.5	such sums	16.5	such sums	17.5	such sums
TOTAL	170.0	190.0	196.0	such sums	226.0	such sums	260.0	such sums	299.0	such sums

The draft also adopts language to simplify administratively the Treasury Fund programs as recommended by the Administration and included in the Senate bill.

Section 109 - Technical Amendments.

Section 201(a) - Technical amendment

Section 201(b) - Increases the level of compensation of the Director of the Institute of Museum Services from level V of the Executive Schedule to level IV. This is the level of an Assistant Secretary.

Section 201(c) (1) - Permits the Institute of Museum Services to provide financial assistance to professional museum organizations to strengthen museum service programs. Senate bill.

Section 201(c) (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." Senate bill.

Section 201(c) (3) - Provides that the Institute of Museum Services will have exclusive control of the review of grant applications for assistance. Senate bill.

Section 201(d) - Authorizations. The Administration requested a "such sums" authorization for fiscal years 1981 through 1985. The Senate bill, which is a separate bill from the Senate Arts and Humanities bill, provides for a two year authorization with \$21.5 million authorized for FY 1981 and \$28 million for FY 1982. The draft provides for an authorization through FY 1985 and authorizes \$25 million for FY 1981 and "such sums" for the succeeding fiscal years.

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. The Administration recommended that the ceiling be raised to \$350 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. Administration proposal.

Administration Arts and Humanities Provisions not included in draft:

1. Delete Arts Endowment authority to support "construction."
2. Modify the state grant programs under both Endowments to increase the Chairman's discretionary share from 25% of the total state program after giving each state \$200,000 to 50% in steps between FY 1981 and FY 1985.
3. Modify the purpose of the Arts Endowment Challenge Grant to read "for the purpose of strengthening artistic quality by."
4. Delete Humanities Endowment authority to make "loans."

Senate Arts and Humanities Provisions not included in draft:

1. Add to Arts Endowment basic program purposes "provide or support ... programs for the arts at the local level."
2. Modify the purpose of the Arts Endowment Challenge Grant to read "for the purpose of strengthening artistic quality by."
3. Delete "loan" authority of Humanities Endowment.
4. Restructure State Humanities Councils and modify state matching.
5. \$35,000 official reception and representation fund for each Chairman.