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6-25-1979

Arts and Humanities: Reports (1979-1980): Memorandum 02

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Recommended Citation

Crary, Alexander D., "Arts and Humanities: Reports (1979-1980): Memorandum 02" (1979). *Arts and Humanities: Reports (1979-1980)*. Paper 13.

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PRIORITY

MEMORANDUM

TO: Senator (thru Tom and WY) June 25, 1979
FROM: ADC
SUBJECT: Administration Bill to extend Arts and Humanities

Here is the Administration's bill to extend the Arts and Humanities legislation.

They propose no major revisions. Many of the changes sought by the Endowments were either watered down or eliminated by OMB.

The most significant change comes in a request to alter the way states get their funds from the Endowment. Presently states receive 75% of their allotment in a block grant with the remaining 25% distributed at the Chairman's discretion. The stronger programs tend to get the bulk of that 25%.

NEA proposes to change these percentages over the next 5 years so that by 1985 the ratio will be 50% as a "no strings" block grant and 50 % granted at the Chairman's discretion. The Chairman would consider such factors as quality, levels of state appropriations and state population in making his discretionary grants. Theoretically this will serve as an incentive for the state programs to increase their quality. But it would also seem to benefit the larger states and those with heavy state appropriations more than the others. The states seem to be splitting down the line - for and against this proposal.

The bill also cuts the block grant total made to the special jurisdictions. American Samoa, for example, with a population of 27,000 cannot use the \$200,000 base figure. Those jurisdictions with populations over 200,000 will receive the full allotment (Puerto Rico and D.C.).

Inter-agency cooperation would be given specific mention in the bill. Joint programs with ICA, GSA, etc would be easier to carry out with this added authority.

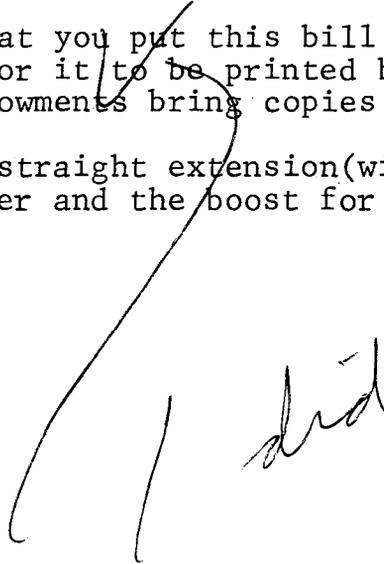
A technical amendment would simplify the certification of private matching monies. Under the current system a gift of money must be made to the Endowment in order to free up Treasury Fund money. The Endowments propose to allow the donor to keep the gift money to save complicated book-keeping porcedures. The gift will be certified but not actually sent to the Endowment.

This Administration bill maintains the status quo in regard to the Humanities Committees.

It also contains no mention of the increased support that the local arts agencies are seeking. This issue is all yours and I think it's a good one.

I recommend that you put this bill in today. Since time is too short for it to be printed by the hearing, I will have the Endowments bring copies to the hearings.

Your bill, the straight extension (with the Humanities Committee switch over and the boost for local arts agencies) is S. 1386.

A large, handwritten scribble consisting of a long, sweeping line that starts near the word 'put' in the third paragraph and extends downwards and to the left. To the right of this scribble, the word 'did' is written in a cursive, handwritten style.

MAJOR DIFFERENCES BETWEEN HOUSE AND SENATE ARTS AND HUMANITIES BILLS:

<u>Senate</u>	<u>House</u>	<u>Comment and Recommendation</u>
No mention of Northern Marianas	Adds Northern Marianas to list of territories eligible for NEA and NEH funding.	Take House position ✓
No mention of NEH renovation authority	Gives NEH authority to fund renovation projects	Take House position ✓
Repeals NEH loan authority. Makes no change in current law regarding NEA which now has no authority to make loans.	Gives NEA loan authority so that both Endowments will have it.	Since the Senate acted, NEA has decided that it wants to have loan authority. (One possible way to rescue the National Symphony from closing down would be through a federal loan. Livy wants to have the flexibility to make this loan. The 2 appropriations committees may agree this week on a line item matching grant to the Symphony.) I recommend that we take the House language. ✓
Adds "programs for the arts at the local level" to the list of areas the NEA Chairman should support.	House authorizes NEA to use challenge grant money to fund programs at the community level. ✓	You met with community arts people and agreed to add the Senate line which focuses attention on local agencies but does not mandate funding. I strongly urge that we press to keep our line in. You have frequently spoken out for more visibility and attention for local arts organizations. The House language which makes challenge grant monies available to state and local organizations complements the Senate line and I recommend taking it as well. The House language comes from Ted Weiss who has his large arts constituency on NYC's upper West Side in mind.

Senate

House

Comment and Recommendation

Defines territories eligible for full basic state operating grant to those with population over 200,000. Does not limit grants to less than \$200,000 for those of smaller population. ✓

Territories with less than 200,000 population will receive less than \$200,000 which is the basic state operating grant.

House language is unduly restrictive in limiting the basic grant to less than \$200,000 for the next 5 years. Senate language allows more flexibility in funding jurisdictions. House language may be a mistake. Broad support for Senate language.

Retains Senate confirmation for Council nominees. ✓

Eliminates Senate confirmation for Council nominees.

This can be a bargaining chip if we need one. You suggested retaining for time being. Jack Golodner strongly in favor of retaining Senate confirmation.

Offers 2 options for the formation of a State Humanities Council, etc.

No mention. House would retain current law.

Our number 1 priority.

Senate retains current formula for distribution of funds to states in excess of basic state operating grant. (75% of excess is divided among states equally; 25% is divided at Chairman's discretion) We kept current formula because it benefits small states more than any of the options.

New House formula divides the excess over the basic grant by: 34% at Chairman's discretion; 44% divided equally among states; 22% on a percapita basis.

Strong recommendation for Senate position. Proposed House formula is not as kind to small states since it includes a per capita allotment and allows too much for distribution at Chairman's discretion. A former Brademas staff person devised House formula. No one there now who can defend it.

No Mention

Adds the Commissioner on Aging to the Federal Council on the Arts and Humanities

Apparently Biaggi proposed this addition. The Federal Council opposes it saying that the Sec. of Health and Human Services is already a member and that membership would become too large if all unit heads were added. I do not feel strongly one way or the other. The Council is already too large to be truly effective. One more won't make much difference.

Senate

House

Comment and Recommendation

No mention

Calls for 2 studies to be done by the Federal Council; one on employment opportunities for artists, the second on the possible extension of the indemnification program to domestic exhibits.

Take House position ✓

No mention

Requires the Endowments to conduct a study of the effectiveness of Treasury Funds and to submit a report with any recommended changes within two years.

Take House position ✓

Limits use of administrative funds to \$35,000 per year for representational expenses with no outside fund raising.

Makes no change in existing law which provides no authority for use of appropriated funds for entertainment expenses.

Retain \$35,000 ceiling on all entertainment expenses but allow appropriated funds to be combined with private donations to make this total. ✓

AUTHORIZATION OF APPROPRIATIONS

Senate

House

<u>NEA</u>	<u>81</u>	<u>82</u>	<u>83</u>	<u>84</u>	<u>85</u>
Program	\$115.5	135.5	158.0	184.75	213.2
Treasury	18.5	18.5	18.5	20.0	22.5
Challenge	27.0	32.0	38.5	44.25	52.3
Admin	14.0	15.0	16.0	17.0	18.0
	<u>\$175.0</u>	<u>201.0</u>	<u>231.0</u>	<u>266.0</u>	<u>306.0</u>

<u>NEH</u>	<u>81</u>	<u>82</u>	<u>83</u>	<u>84</u>	<u>85</u>
Program	\$114.5	132.5	153.5	178.0	206.0
Treasury	12.5	14.5	17.0	19.5	22.5
Challenge	30.0	34.5	40.0	46.0	53.0
Admin	13.0	14.5	15.5	16.5	17.5
	<u>\$170.0</u>	<u>196.0</u>	<u>226.0</u>	<u>260.0</u>	<u>299.0</u>

(By Fiscal Years, in millions)

<u>NEA</u>	<u>81</u>	<u>82-85</u>
Program	\$132.5	Such sums
Treasury	18.5	"
Challenge	35.0	"
Admin	14.0	"
	<u>\$200.0</u>	

<u>NEH</u>	<u>81</u>	<u>82-85</u>
Program	\$127.0	Such sums
Treasury	17.0	"
Challenge	33.0	"
Admin	13.0	"
	<u>\$190.0</u>	

Comment on authorization levels:

The arts community is understandably in favor of the House figures for FY81. They believe that a "such sums" authorization for the last four years will allow for figures higher than those in the Senate bill.

I expect that we will come up with a simple compromise which could be one of the following:

1. Provide figures for '81 and '82 starting at \$200 million (NEA) and \$190 (NEH) for '81 and increasing by 15% for '82. Provide "such sums" for the last 3 years.
2. Split the House and Senate levels for '81 and then rise by 15% for each year following. I tend to favor the lower compromise figures and hope we can have figures for at least 3 years.