National Foundation on the Arts and Humanities: Reauthorization (1985): Report 01

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HARD ARMLEY

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Dick Armey.

NATIONAL FOUNDATION OF THE ARTS AND THE

HUMANITIES AMENDMENTS OF 1985

May 15, 1985.-Committed to the Committee of the Whole House on the State of the

Union and ordered to be printed

Mr. HAWKINS, from the Committee on Education and Labor,

submitted the following

REPORT

together with

SUPPLEMENTAL AND DISSENTING VIEWS

[To accompany H.R. 2245]

[Including cost estimate of the Congressional Budget Office]

The Committee on Education and Labor, to whom was referred

the bill (H.R. 2245) to authorize appropriations for fiscal year 1986

for the National Endowment for the Arts and the National Endow-

ment for the Humanities, and for other purposes, having consid-

ered the same, report favorably thereon with an amendment and

recommended that the bill as amended do pass.

The amendment strikes out all after the enacting clause of the

bill and inserts a new text which appears in italic type in the re-

port bill.

BACKGROUND AND HISTORY

BACKGROUND

The National Endowment for the Arts (NEA) provides funds and

services to non-profit organizations and individuals in dance, design

arts, folk arts, literature, media arts, museums, opera and musical

theater, theater and visual arts. The National Endowment for the

Humanities (NEH) is the only federal agency dedicated to support-

ing the humanities, including elementary and secondary education,

colleges, universities, the media, museums, historical societies, li-

braries, individual scholarships, and community groups.
The Institute of Museum Services (IMS) provides general operating support and other grants to museums. It is the sole federal source of support for such operating expenses as climate control, lights, guards, etc. It provides support for living collections such as zoos, botanical gardens, and natural history collections.

HISTORY

The National Foundation on the Arts and the Humanities was established in 1965, by P.L. 89-209. The original Act, the first of its kind in our nation's history, was thereafter amended in 1967 by Public Law 90-93; in 1968 by Public Law 90-348; in 1970 by Public Law 91-346; in 1973 by Public Law 93-133; in 1976 by Public Law 94-462 and Public Law 94-555; in 1980 by Public Law 96-496; and in 1984 by Public Law 98-306. The 1965 legislation established the National Foundation on the Arts and the Humanities and two of its cooperating entities, the National Endowment for the Arts and the National Endowment for the Humanities. Each Endowment has a Chairman and Council, appointed by the President, to oversee the awarding of grants. Most of the grants which the two Endowments are authorized to make must be matched. The appointments of members of the National Council on the Humanities and the National Council on the Arts are subject to the advice and consent of the Senate.

The Museum Services Act was first enacted as Title II of the Arts, Humanities and Cultural Affairs Act of 1976 (Public Law 94-462). The Act, was thereafter amended in 1980 by Public Law 96-496 and in 1984 by Public Law 98-306. The Institute has a Director, who, with policy direction from the National Museum Services Board, administers the programs and oversees the awarding of grants which the Institute is authorized to make. The Director and members of the Board are appointed by the President and are subject to the advice and consent of the Senate.

LEGISLATIVE CONSIDERATION

H.R. 2245 was introduced on April 25, 1985. The Subcommittee on Select Education and the Subcommittee on Postsecondary Education held joint hearings on H.R. 2245 on May 2, 1985. Members of the subcommittees heard from the Chairs of the endowments, representatives of the state arts agencies and humanities councils, and individuals representing arts and humanities service organizations. The bill was discharged from the subcommittees and considered by the Committee on Education and Labor. On May 8, 1985, the Committee on Education and Labor ordered H.R. 2245 reported with an amendment in the nature of a substitute by a vote of 27 to 1.

SUCCESSES

This year is the twentieth anniversary of the National Foundation on the Arts and the Humanities. The Committee noted the tremendous success that the NEA, NEH, and the IMS in recent years has had in supporting an infrastructure of state and local activities, encouraging artists and scholars, supporting arts institutions and museums, and acting as a catalyst for non-governmental expenditures on the arts and the humanities which, in 1983, were estimated at $4.08 billion. An important theme of the hearing was to maintain the flexibility in these programs which have allowed them to respond to the changing demographics of our population and the growth of the arts and humanities in America. At the hearing, witnesses associated NEA, NEH, and IMS’s activities with the increase in artists, the growth in audiences, and the expansion of art agencies and institutions. They sought an ultimate five-year reauthorization of the programs to allow for stability of planning and to reiterate a strong federal commitment to the arts, humanities, and museums.

PROBLEMS

In addition to indentifying NEA, NEH, and IMS’s accomplishments, the witnesses also identified some problems and some issues for future consideration. Several recommendations were made to increase the flexibility of the programs including allowing states to be recipients of Challenge and Treasury grants, granting NEH authority to use funds for construction as well as renovation, and allowing states to certify matching grants. Witnesses and committee members also discussed the desirability for future reviewing of the cultural priorities and direction of the Endowments, the peer review system and grant accountability, and the ability of these programs to meet future needs. Witnesses expressed the need for continued and increasing federal support of these programs.

ONE-YEAR EXTENSION

The authorizations of NEA, NEH, and IMS expire on September 30, 1985. The Committee decided to reauthorize these programs for a one-year period to provide the Committee with an opportunity to conduct a more in-depth analysis of the functioning and future of the NEA, NEH, and IMS during hearings which will include a variety of groups and explore their concerns about NEA, NEH, and IMS. These issues should be analyzed to determine which, if any, stem from the legislation and are thereby susceptible to a congresional solution. The Committee also wants to ensure that these programs are as well able to serve the needs of the next twenty years as they have the past twenty years. In so doing, the Committee wanted an opportunity to explore in greater detail current needs, the appropriate federal role in this changing world, and future directions, in the arts and humanities—seeking additional ways to make these programs even more flexible.

AUTHORIZATION LEVEL

For FY 1985 these programs were authorized at “such sums as may be necessary.” In prior years, specific dollar amounts had been authorized for NEA, NEH, and IMS in the legislation. The Committee decided for this year to continue the practice of authorizing at
“such sums as may be necessary” and include for the first time the administrative budgets of the Endowments.

**Effective Date**

This legislation is effective upon enactment.

**Congressional Budget Office Estimate**

In compliance with clause 20(3)(c) of rule XI of the Rules of the House of Representatives, the estimate prepared by the Congressional Budget Office pursuant to section 408 of the Congressional Budget Act of 1974, submitted prior to the filing of this report, is set forth as follows:

![Budget Estimate Table]

The costs of the bill fall within function 500. Basis of estimate: This bill authorizes appropriations of such sums as may be necessary for the National Endowments for the Arts and Humanities and the Institute of Museum Services in fiscal year 1986. This estimate assumes the CBO baseline for the authorization levels under the such sums language. The outlays are based on historical spending patterns for these programs.

**Estimated cost to state and local government:** The National Endowments for the Arts and Humanities provide grants to both individuals and institutions. Eligible institutions include schools, museums, state and regional organizations, and state and local governments. About 10 percent of the funds are grants to state and local governments.

6. Estimated cost to state and local government: The National Endowments for the Arts and Humanities provide grants to both individuals and institutions. Eligible institutions include schools, museums, state and regional organizations, and state and local governments. About 10 percent of the funds are grants to state and local governments.

7. Estimate comparison: None.

8. Previous CBO estimate: None.


**Committee Estimate**

With reference to the statement required by clause 7(a)(1) of Rule XIII of the Rules of the House of Representatives, the Committee agrees with the estimate prepared by the Congressional Budget Office.

**Inflationary Impact Statement**

With reference to the statement required by clause 20(4) of Rule XI of the Rules of the House of Representatives, the Committee expects that the enactment of H.R. 2245 will have no inflationary impact on prices and costs in the operation of the national economy. It is the judgment of the Committee that there is no inflationary impact of this legislation as a component of the federal budget.

**Committee Findings**

With reference to the statement required by clause 20(3)(A) of Rule XI of the Rules of the House of Representatives regarding any findings or recommendations pursuant to this Committee’s oversight reviews or studies, the Subcommittee on Select Education and the Subcommittee on Postsecondary Education in recent years have conducted oversight and legislative hearings on the NEA, NEH and IMS. Testimony from many sources has confirmed the value, both to individuals and to society, of these activities.
Oversight Reports

With reference to the statement required by clause 2(IX)(X) of Rule XI of the Rules of the House of Representatives, no oversight findings or recommendations of the Committee on Government Operations concerning the subject matter addressed by H.R. 2245 have been presented to this Committee.

Section-by-Section Analysis

Section 1

This section sets forth the short title of the bill as the “National Foundation on the Arts and the Humanities Amendments of 1985”.

Section 2

Subsection (a) of Section 2 extends the authorization for fiscal year 1986 at such sums as may be necessary for program grants to the National Endowment for the Arts and the National Endowment for the Humanities.

Subsection (b) of Section 2 extends the authorization for fiscal year 1986 at such sums as may be necessary for Treasury and Challenge grant funds authorized to match non-federal funds for the National Endowment for the Arts and the National Endowment for the Humanities.

Subsection (c) of Section 2 extends the authorization for fiscal year 1986 at such sums as may be necessary for the administrative expenses of the National Endowments.

Section 3

This section extends the authorization for fiscal year 1986 at such sums as may be necessary for the Institute of Museum Services.

Section 4

This section contains technical amendments.

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 italic, existing law in which no change is proposed is shown in roman):

National Foundation on the Arts and the Humanities Act of 1965

Title I—Endowments for Arts and Humanities

Short Title

Section 1. This Act may be cited as the “National Foundation on the Arts and the Humanities Act of 1965”.

Authorization of Appropriations

Sec. 11. (a)(1)(A) For the purpose of carrying out section 5(c), there are authorized to be appropriated to the National Endowment for the Arts $115,500,000 for fiscal year 1981, $127,000,000 for fiscal year 1982, $140,000,000 for fiscal year 1983, $128,500,000 for fiscal year 1984, and such sums as may be necessary for the fiscal years 1985 and 1986. 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 purpose of carrying out section 7(c), there are authorized to be appropriated to the National Endowment for the Humanities $114,500,000 for fiscal year 1981, $126,000,000 for fiscal year 1982, $138,500,000 for fiscal year 1983, $127,000,000 for fiscal year 1984, and such sums as may be necessary for the fiscal years 1985 and 1986. Of the sums so appropriated for any fiscal year, not less than 20 per centum shall be for carrying out section 7(f).

(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, $18,500,000 for fiscal year 1982, $18,500,000 for fiscal year 1983, $10,000,000 for fiscal year 1984, and such sums as may be necessary for the fiscal years 1985 and 1986.

(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 $125,000,000 for fiscal year 1981, $14,000,000 for fiscal year 1982, $15,000,000 for fiscal year 1983, $11,500,000 for fiscal year 1984, and such sums as may be necessary for the fiscal years 1985 and 1986.
(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 501 of the Internal Revenue Code of 1986, 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 501; except that the amounts so appropriated to such Endowment shall not exceed \( \$27,000,000 \) for fiscal year 1981, \( \$30,000,000 \) for fiscal year 1982, \( \$32,500,000 \) for fiscal year 1983, \( \$28,000,000 \) for fiscal year 1984, and such sums as may be necessary for the fiscal years 1985 and 1986.

(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); except that the amounts so appropriated to such Endowment shall not exceed \( \$30,000,000 \) for fiscal year 1982, \( \$33,000,000 \) for fiscal year 1983, \( \$36,000,000 \) for fiscal year 1984, and such sums as may be necessary for the fiscal years 1985 and 1986.

(c)(1) There are authorized to be appropriated to the National Endowment for the Arts \( \$14,000,000 \) for fiscal year 1981, \( \$15,000,000 \) for fiscal year 1982, \( \$16,000,000 \) for fiscal year 1983, \( \$17,000,000 \) for fiscal year 1984, and such sums as may be necessary for fiscal year 1986, to administer the provisions of this Act, or any other program for which the Chairman of the National Endowment for the Arts shall be responsible, including not to exceed \( \$35,000 \) for each such fiscal year for official reception and representation expenses. The total amount which may be obligated or expended for such expenses for any fiscal year through the use of appropriated funds or any other source of funds shall not exceed \( \$35,000 \).

(2) There are authorized to be appropriated to the National Endowment for the Humanities \( \$13,000,000 \) for fiscal year 1981, \( \$14,500,000 \) for fiscal year 1982, \( \$15,500,000 \) for fiscal year 1983, \( \$16,500,000 \) for fiscal year 1984, and such sums as may be necessary for fiscal year 1986, to administer the provisions of this Act, or any other program for which

(d) No grant shall be made \( \text{under this title} \) to a workshop (other than a workshop conducted by a school, college, or university) for a production for which direct or indirect admission charge is asked if the proceeds, after deducting reasonable costs, are used for purposes other than assisting the grantee to develop high standards of artistic excellence or encourage greater appreciation of the arts and humanities by our citizens.
SUPPLEMENTAL VIEWS ON H.R. 2245

We support the one-year extension of the National Endowment for the Arts and the National Endowment for the Humanities contained in H.R. 2245, the National Foundation on the Arts and Humanities Amendments of 1985. The Federal Endowment funds function as a catalyst to generate significant amounts of non-federal support for the arts and humanities. In order to receive federal funding, applicants must demonstrate or ensure one non-federal dollar for each federal dollar received. In addition, in some Endowment programs the matching requirement is higher. For example, to participate in the Challenge Grant Program, an applicant must ensure $3 non-federal dollars for each Challenge dollar received.

Over their 20 year history the Endowment programs have proven cost-efficient, reflecting an appropriate federal role in the arts and the humanities. One concern we would like to raise in regard to the Endowments in H.R. 2245 is the failure to set specific authorization ceilings for FY 1986. An amendment was offered to cap the FY 1986 authorization ceilings at the FY 1985 appropriation levels. The amendment was not adopted, thus “such sums” in H.R. 2245 is the only direction provided to the Budget and Appropriations Committees.

Some of us have a second concern about H.R. 2245. While we strongly endorse public support, specifically federal support for our museums through the National Endowment for the Arts and the National Endowment for the Humanities, there appears to be little justification for the Institute of Museum Services (IMS), an independent federal agency that provides general operating support to museums, support which represents only 2% of the operating budgets of museums.

An amendment was offered during the Full Committee mark-up of H.R. 2245 to phase out IMS by the end of FY 1986, Messrs. Goodling, Coleman, Roukema, Gunderson, Bartlett, Chandler, McKernan, and Armey supported the amendment, but it was defeated.

The current economic climate requires us to make difficult choices. Although, we may have varied views on some issues related to the arts and humanities, we are unanimous in our commitment to a one-year freeze on spending for these programs. It is essential that such a freeze be adopted. An amendment to authorize a freeze at FY 1985 levels will be offered during floor consideration.

STEVE BARTLETT.
BILL GOODLING.
STEVE GUNDERSON.
JACK MCKERNAN, Jr.

(10)

SUPPLEMENTAL VIEWS ON H.R. 2245

Although we support the reauthorization of the National Endowment for the Arts and Humanities, we regret to say that it is with some reluctance that we support H.R. 2245. Our concerns are twofold.

First, H.R. 2245 provides for a one year rather than five year reauthorization of the programs. On Thursday, May 2, 1985 a joint hearing of the Subcommittee on Select Education and Postsecondary Education was held to discuss reauthorization of the National Endowment for the Arts and Humanities. At the hearing we heard testimony from Frank Hodsoll, Chairman of the National Endowment for the Arts, John Agresto, Acting Chairman of the National Endowment for the Humanities and various representatives from the art and humanities communities. Without exception, the witnesses before us recommended that the Congress renew the authorization of programs under the National Endowment for the Arts and Humanities for five fiscal years, with relatively few minor and technical changes to the Act.

In 1965, Congress wisely enacted a statute that has allowed these agencies the necessary flexibility to serve the needs of the arts and humanities disciplines. The reauthorizations which have followed have consisted of relatively minor revisions to the Act. It is our view, as well as the consensus position of the Administration and the arts and humanities communities that the current legislation in its present form, works well and is not in need of substantive revision. Therefore, we believe that this Committee should reauthorize the National Endowment for the Arts and Humanities for not one year as set forth in H.R. 2245, but follow the long standing tradition of a five year reauthorization.

Secondly, we are concerned that H.R. 2245 fails to provide for authorization ceilings for FY 1985, instead providing a “such sums” authorization. We believe that is the responsibility of this Committee to provide leadership and direction in the appropriations process by including reasonable authorization levels.

It is our hope that the Committee will conduct hearings over the next few months and move expeditiously to produce legislation which would reauthorize the National Endowment for the Arts and Humanities for five years by the time the current authorizing legislation expires. This year marks the 20th Anniversary of the establishment of the Endowment. The Federal government has been an important and constructive presence in financing arts and humanities in this country. We believe that Congress should send a clear signal of support for these programs by reauthorizing them for five years.

TOM COLEMAN.
JIM JEFFORDS.
PAUL B. HENRY.

(11)
DISSENTING VIEW OF RICHARD ARMEY

The authorization for the National Endowment for the Arts, and the National Endowment for the Humanities as reported by the full committee, not only provides a perfect example of why we cannot control our federal budget, but also suggests that we are not serious about making sure those various programs operate in a legitimate, or indeed, respectable manner.

The NEA has serious administrative flaws. Chief among them are the methods in which grants are given. In too many instances, grants have been given to NEA board members, close friends of board members, and others within a very close knit circle. The NEA admits that it has taken no strong action to insure that this practice is discontinued. This practice is not only unethical, but it prohibits worthy artists from receiving funds. The NEA administration is typical of the arrogance with which these agencies operate, expressing no concern that taxpayers' money is being misused.

Furthermore, the National Endowment for the Arts has provided grants for poetry, stories, and other writing that is extremely pornographic in nature.

As I pointed out in committee mark-up, the pornography that runs rampant through much of the writings of the artists funded by NEA is far worse than anything found even in the most explicit of the "sex" magazines sold today. Because of these abuses, I think it is appropriate that we at least "freeze" funding at FY 85 levels, and I would prefer a cut of 5% to 10% to voice Congress' displeasure with NEA's funding practices.

Instead, the committee voted to authorize "such sums as may be necessary" and refused an amendment to freeze the funding and provide for longer than a simple one year extension. When a committee refuses to limit funding for a program that is certainly not one of the highest priorities of the federal government, and then refuses to be concerned about abuses in that program, it makes a strong statement that this committee is not serious about getting the budget under control.

Dick Armey.

(12)