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Larry Chernikoff

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NATIONAL
ENDOWMENT
FOR
THE ARTS

WASHINGTON
D.C. 20506



A Federal agency advised by the
National Council on the Arts

MEMORANDUM

TO : Sandy Crary

FROM : Larry Chernikoff *LPC*

DATE : January 24, 1980

Sandy, here is some possible committee language.

The Committee recommends that funding levels for the Arts Endowment be increased by 15 percent annually. This would permit the Endowment some real growth beyond the anticipated rate of inflation. The Committee feels, though, that higher rates of increases would be inconsistent with the desires of the Congress to moderate the level of Federal expenditures.

The Committee feels that the bulk of the yearly increases to the Endowment should be for its discipline program areas of dance, theater, music, museums, etc. It is through its regular programs that the Endowment is able to accomplish its two foremost objectives: sustaining and encouraging arts of the highest quality and making these artistic products and presentations of high quality as widely available as possible.

Therefore the Committee has recommended that programming funds for the Endowment be increased from \$115.5 million in FY 1981 to \$213.2 million in FY 1985.

The Committee recommends that the Endowment's Treasury Fund be increased very modestly from \$18.5 million in FY 1981 to \$22.5 million in FY 1985. Treasury Funds are similar in purpose to regular program, funds but they require a much higher level of non-Federal match, three non-Federal dollars for each Federal dollar. The Endowment recently sustained a nearly three-fold increase in its Treasury Funds and the Committee believes that higher rates of increase would be an inappropriate strain on the Endowment and art organizations around the country. Treasury Funds are generally utilized by major arts institutions and are beyond the funding capacity of newer and emerging arts institutions that the Committee wishes to see the Endowment support.

The Committee does, however, recommend a substantial increase in the Endowment's Challenge Grant Program, from \$27 million in FY 1981 to \$52.3 million in FY 1985. The Challenge Grant Program was authorized by this Committee four years ago. It was designed to serve as a mechanism to help stabilize the precarious financial situation of the Nation's leading cultural institutions. Under Endowment regulations that govern this program, institutions must raise three non-Federal dollars for each Federal dollar and the money raised must be beyond regular donations and contributions. In other words, Challenge grantees must find new sources of funding or get increased funds from past contributors. While the program in its first phase has generally assisted major arts institutions,

the Endowment is moving in the direction of a wider use of the program to help stabilize the financial condition of emerging arts institutions. The Committee is convinced that it is necessary to continue to address the financially unstable situation in which so many arts organizations find themselves.

The Committee recommends very modest increases in the authorizing levels for the Endowment's administrative budget ranging from \$14 million in FY 1981 to \$18 million in FY 1985.