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Prepared Statement of

**Douglas Dillon, Member
National Museum Services Board and Chairman
Metropolitan Museum of Art**

before the

**Senate Subcommittee on Education,
Arts, and the Humanities**

June 28, 1979

Mr. Chairman, Good morning.

Before I begin, I would like to pay special tribute to this Committee and its Chairman, Senator Pell. Your actions over the past decade and a half have served to magnify the artistic and humanistic achievements of our nation.

When future generations want to give thanks for the preservation of our cultural, historic, and scientific heritage, they will have to begin with this Committee and with Senator Pell.

At the Metropolitan Museum of Art, your foresight in creating the National Endowments for the Art and the Humanities and enacting the Challenge Grant and Arts and Artifacts Indemnity Act of 1975 has led to tangible benefits for the entire nation.

Those exhibitions that have been shared with other museums which could not have been organized without Indemnification include: The Peruvian Gold Exhibition, The Irish Exhibition, The Splendors of Dresden, The Treasures of King Tutankhamen, and several Russian exchange exhibitions.

We are also indebted to Senator Pell's support of NEA and NEH Challenge Grants, which have been of immeasurable assistance to the Metropolitan Museum of Art. However, they are difficult to continue because of the matching process. They were good mechanisms, but the three-to-one match is like going up a mountain. It is not realistic to assume that cultural institutions can continue indefinitely to find new and increased matching funds at these levels.

Museums are facing double-digit inflation. Income from all Federal sources, though helpful, cannot keep pace at the present level of funding with inflation.

Nonprofits are in the worst position because there is no way to raise enough income to meet rising costs.

Even keeping pay raises within seven percent, as President Carter requested, represents a \$1 million annual increase for the Metropolitan Museum of Art, without considering inevitable increases in the other expenses of the museum. It is impossible unless the Federal government can alleviate the pressure by giving operating support. Inflation causes museums to pay more for less.

Your decision to create the Institute of Museum Services demonstrates a wisdom which I believe has already been rewarded. You recognized the special needs of museums and

provided the legislative mandate for the Institute to meet those needs.

Today I appear before you as a member of the Institute's National Museum Services Board, and as Chairman of the Metropolitan Museum of Art, to testify on behalf of the reauthorization request of the Institute of Museum Services.

Four years ago, when I testified before this Committee, I said the burden of proof as to creating a new governmental agency lies on its supporters. The creation of the Institute indicates that we made a convincing case then, and the current record of the Institute demonstrates that you made a wise decision by enacting this legislation.

If, in 1975, the reasons we gave for creating IMS were convincing, the arguments to be made for extending and expanding the scope of the Institute seem to me now to be irrefutable.

Four year ago I said \$30 million was a minimal amount for the Institute's program, and that amount would not meet what I would like to see as the Federal share of museums' needs. But I agreed that it was well to start prudently and agreed that this figure was about right for the first two or three years of the Institute's existence.

The number of visitors to museums, the demands placed on museums, and the operating costs have all soared since I last testified before you. A study entitled Growth in New York City Arts and Culture: Who Pays? published earlier this year, found that 86 percent of New York City's museums were forced to make cutbacks in facilities, services, or staff in the three years prior to 1976.

Museum cutbacks due to financial pressure were made by over 80 percent of all types of museums--art, history, and science. It is interesting to note that, while slightly less than half of the museums with budgets under \$50,000 had to make cutbacks, 88 percent of those with budgets of \$1 million or more were forced to reduce their operations.

The study found that while there was some reduction in services to the public, either through cuts in the hours the institutions were open or through closing of some facilities, these reductions were uniformly less common than were cuts in staff, or even, in some cases, in maintenance and repairs. IMS has done an excellent job of trying to meet a portion of the Federal share of rapidly rising museum operating costs within the limited financial funds available. Unfortunately, the funds available have not been adequate to

more than scratch the surface of existing needs. However, they have been adequate to establish the mechanics of a General Operating Support program and to prove that it works. The time now has come to substantially increase the funds available so that the Institute can begin to meet the real and on-going needs of museums throughout the country.

Mrs. Kimche, in her prepared statement, spells out the range of financial needs facing all museums, both large and small, and describes the role of the Institute in meeting those needs. She also outlines a long-range, comprehensive program that promises real hope for our nation's museums.

The Cornerstone Grant Program which would start in Fiscal Year 1981, would provide funding on a multi-year basis enabling museums to make necessary forward plans.

The advantages of the Cornerstone Grant Program are numerous. It:

- Addresses the needs and concerns of both large and small museums;
- Provides for greater accountability on the part of the applicant and the Federal Government;
- Does not extend the institution beyond its own ability to sustain itself in future years;
- Represents institutional support which can be applied anywhere within the general operating budget rather than a specific aspect of overall operations such as education, conservation, etc.;
- Enables Federal auditors to conduct account audits without extensive Federal intervention;
- Continues to encourage private giving for our non-profit organizations--underscoring the distinction of American cultural institutions as opposed to their European counterparts; and,
- Encourages implementation of long-range planning by the applicant organization.

Mr. Chairman, I urge you to support the Institute's re-authorization and to endorse the Cornerstone Grant Program. I would also like to repeat what I said four years ago when I testified before you.

"I am not suggesting a major change in the

financing of museums--only that Federal funds be made available to cover at least ten percent of operating costs, with private sources and local and State governments carrying the other 90 percent of the burden."

I still believe that should be the goal of the Federal government.

Thank you very much.