The Committee on Labor and Humanities Resources, to which was referred legislation to amend and extend the National Foundation on the Arts and Humanities Act of 1965, to provide for a continuation of the cultural Challenge Grant Programs, an option for the establishment of State Humanities agencies and for other purposes, reports an amendment in the nature of a substitute and recommends that the bill as amended do pass.

PRINCIPAL FEATURES OF THE BILL

1. The Committee bill amends and extends the National Foundation on the Arts and Humanities Act for five years or through FY 1985.

2. The Committee bill provides for an option which the Chief Executive Officer of a State may exercise if he wishes to establish an official State Humanities Council. There is increased incentive for a Chief Executive Officer of a State to establish this type of agency than at present. A second option is provided for the continuing operation of a humanities program which is not a State agency.

3. The bill provides for a continuation of the Arts and Humanities Challenge Grant Programs which generate up to three non-federal dollars for every federal dollar invested and which are aimed at improving the
long-range planning and development of arts and humanities organizations so that they can continue to have the maximum growth and benefit to their communities.

4. The Committee bill reduces an amount of paperwork by allowing those who receive Treasury and Challenge Grants to certify to the Endowments that the dollars necessary for the three-for-one match is actually in-hand rather than transmit the dollars to the Treasury for re-transmittal to the grantee as is required at the present.

5. The Committee authorizes the Chairman of the National Endowment for the Arts to support the programs of local arts agencies.

6. The bill authorizes the Chairman of the National Endowment for the Humanities to make grants of $30,000 or less as Chairman's discretionary grants. At the present, the Chairman is allowed to make grants of $17,500 or less under this authority.

LEGISLATION CONSIDERATION

S. 1386 was introduced on June 21, 1979.

The Subcommittee on Education, Arts, and Humanities of the Committee on Labor and Human Resources held hearings on S. 1386 on June 26 and 27, 1979.

On June 26, members of the Subcommittee heard from Mrs. Joan Mondale, Honorary Chairman of the Federal Council on the Arts and Humanities, officials of the National Endowment for the Arts, representatives of State and community arts councils, and individuals representing arts service organizations, as well as from distinguished artists representing some of the major arts disciplines.
On June 27, the Subcommittee heard testimony from officials of the National Endowment for the Humanities, and representatives of humanities organizations in the States as well as from individuals distinguished for their activities in the humanities.

The Subcommittee considered and reported the legislation to the Committee on November 29, 1979. The full Committee met in executive session on December 13, 1979. The legislation was ordered reported to the Senate on December 18, 1979.

HISTORICAL BACKGROUND

The National Foundation on the Arts and Humanities was established in 1965 by Public Law 89-209. The original Act, the first of its kind in our nation's history, was thereafter amended in 1967 by Public Law 90-348; in 1970 by Public Law 91-346; in 1973 by Public Law 93-133; and in 1976 by Public Law 94-462. The 1965 legislation established the National Foundation of the Arts and Humanities and its two cooperating entities, the National Endowment for the Arts and the National Endowment for the Humanities. The Endowments have Presidentially-appointed Chairmen and Councils to oversee the awarding of grants, some of them matching, which the two Endowments are authorized to make. The appointments of members of the National Council on the Arts and the National Council on the Humanities are subject to the advice and consent of the Senate.
NATIONAL ENDOWMENT FOR THE ARTS

The testimony received by the Committee reflected the tremendous increase in the number and quality of arts organizations across the country. This growth has been remarkable over the years since the Endowment for the Arts was established in 1965, but has been particularly dramatic since 1976 when the previous reauthorization occurred. The Committee is particularly pleased with the major role that the Endowment has played in this cultural growth. It applauds the fact that, because of Endowment support, quality arts programs are reaching an ever-increasing number of Americans.

The testimony made clear that this growth will continue to place demands on the Arts Endowment as it struggles to meet the cultural needs of an ever more-enlightened public. The Committee took note of the impressive statistics which cite an increase in large professional theaters from 12 in 1965 to 70 in 1978, and of professional dance companies from 37 in 1965 to 200 in 1978. The number of symphony orchestras and opera companies have each more than doubled in this period. It was also noted that the major share of these new and emerging companies are in areas of the country previously unserved by such enriching cultural organizations.

The testimony received from representatives of the American Arts Alliance detailed recent developments in dance, opera, theater, symphony orchestras, and museums. The dance choreographer, Agnes de Mille, was particularly eloquent in speaking of art as "the best means of com-
munication. This is the very time, above all others, when we need what art can bring us, the sense of truth, the sense of verity, the sense of sanity, of health, humor, delight."

With this success and expansion come problems, the most serious of which is inflation. Ticket sales can no longer meet the costs of productions; the average artist cannot earn a full-time living on his salary; and museum hours are being cut back. These points indicate to the Committee a few of the needs in our cultural life which the Arts Endowment can only partially meet.

Statistics on audience development were also carefully considered by the Committee. The character of the average American audience at a symphony concert or a theatrical presentation, for example, has evolved most positively over the last 15 years. Young people, minorities, and the handicapped are beginning to be successfully reached, and attendance at cultural events in general has increased dramatically since 1976.

STATE AND COMMUNITY ART AGENCIES.

Testimony received by the Committee from representatives of the State Arts Agencies was particularly valuable in helping members understand more clearly the relationship of the State arts councils to their State governments as compared to the State humanities organizations, which have minimal relationship to government in their respective states. As Mr. Roy Helms, Executive Director of the National Assembly of State Arts Agencies, said, "there is no question that the arts have become
much more a part of the fabric of this country as a result of the State arts councils being in dialogue on a daily basis with government." Despite occasional problems in individual States, the Committee appreciated hearing how generally successful the liaison between arts councils and State governments has been.

The Committee commends the State arts programs for playing a large and important role in the dissemination of the arts across this country. It is this structure of State arts councils which forms an important keystone in the increasingly complex national arts picture. It is especially gratifying to note the dramatic increase in funds appropriated by the States for their own arts programs. When the Endowment began its assistance to the states 14 years ago, the State appropriations for the arts were approximately $4 million per year in total. The figure for State arts spending in 1980 exceeds $97,000,000.

The Committee fully appreciates the point made that the arts are a key factor in improving the quality of our lives as well as being central to the economic health of our communities.

The emergence of strong local or community arts agencies is an area which the Committee would like to recognize and encourage. The National Assembly of Community Arts Agencies presented cogent testimony as to the importance of these local agencies, be they large or small, rural, suburban, or urban. The number of these organizations, which develop and foster the arts in communities, has grown from 200 to well over 2,000 in the last ten years. The Committee strongly encourages the Arts Endowment to develop a program of support for these local
arts agencies. A program specifically aimed at supporting arts at the local level was found lacking in the present Endowment program structure.

CHALLENGE GRANTS

The Committee wishes to commend the Arts Endowment for so successfully instituting and carrying out the Challenge Grant Program which was a principal feature of the 1976 reauthorization legislation. The grants made under this program have had a major impact in assisting cultural institutions to raise significantly the levels of their financial support from the private sector. Greater financial stability, better management, and increased audience participation are among the benefits to cultural institutions that have participated in the program. The match of three non-federal dollars for each federal dollar granted has produced a uniquely successful cultural partnership of the private and public sectors.

The Committee encourages the Endowment to expand the Challenge Grant concept to include a greater diversity of cultural institutions, especially those developing organizations whose own fund raising capabilities are not yet highly developed. Challenge Grants will assist these institutions in achieving better financial and managerial stability.

In addition, the Committee urges the Endowment to give the same consideration to zoos, botanical gardens, aquariums and science-technology centers as that given to other cultural institutions under the Challenge Grant Program. The Committee also asks the Endowment to be responsive to
these same institutions when they seek support for projects of an aesthetic nature.
The Committee received thorough testimony from the Chairman of the Endowment which cited a demand for funding that the Endowment is unable to keep pace with. As an indication of this situation, it was learned that only 26 percent of the 6,141 applications received in 1976 could be awarded at least partial support. Of the projected 10,000 applications for FY 1980, only 23 percent will be funded.

As requests for support have increased, however, the Endowment has taken positive steps to increase the performance and productivity of its staff. The Committee commends the Endowment for taking these steps and for instituting efficient management procedures in general.

Since the last reauthorization in 1976, the Endowment has made a number of significant accomplishments which the Committee is pleased to acknowledge.

1. A Challenge Grant Program was successfully instituted. 850 institutions have sought these funds for a total request of more than $287 million. 464 of these requests have been funded a total of $80.5 million. These grants have had a significant impact in helping institutions concerned with the humanities secure more effective, long-term private support and to operate under more efficient and stable conditions. Zoos, botanical gardens, aquaria and science-technology centers, though not primarily humanities-oriented institutions, should be given equal consideration when requesting challenge grant support for a humanities
component in their organization.

2. The Media Program has seen a remarkable increase in the number of applicants and the number of grantees has multiplied from 42 to more than 160 in the last four years. The Program assisted in sponsoring such widely acclaimed public television presentations as "The Best of Families" and "The American Short Story Series." The latter is the first series produced by American public television ever to be purchased by the British Broadcasting Corporation.

3. The Division of Museums and Historical Organizations lent support to such major museum exhibitions as "The Splendors of Dresden" and "Treasures of Tutankhamun." The Committee notes favorably, however, more Endowment attention to the interpretive programs of our own smaller and more regional museums and historical organizations. The Endowment's purpose of promoting the public understanding of the humanities can be effectively served by an expansion in this category of support. The Committee understands the funding problems faced by zoos, botanical gardens, aquaria and science-technology centers and strongly encourages the Endowment to fully serve these institutions when support is sought for humanistic and interpretive programming.

4. The Committee is pleased to note the increased attention that the Endowment is paying to the needs of our country's libraries. The establishment of a separate
Library Program in 1978 has allowed the humanistic resources of these institutions to be more fully utilized by the public. Wider use of humanities collections and increased local participation and financial support are viewed by the Committee as positive results of this new program. The support made available to local public libraries to raise the profile of their humanities collections is particularly welcome to members of the Committee.

5. In carrying out its responsibility to promote and strengthen the teaching and learning of the humanities, the Endowment has strengthened both its Higher Education and Elementary/Secondary Education Programs. A realignment of Higher Education grants have assisted institutions in revising and improving their own curricula and in re-training faculty so they can adjust their own skills to shifting enrollment patterns. The Elementary and Secondary Education Program has been focused, in part, on projects designed to improve the teaching and learning of expository writing. The National Writing Project, a major force in this area, has been a beneficiary of Endowment funding. Other education projects the Endowment has supported include: an East Asian studies project sponsored by the Great Lakes Colleges Association open to teachers from the entire country, a University of Kentucky program for Appalachian Studies, a University of Kansas program to enable business students to gain a better understanding of social and ethical issues involving the business world
and a University of Illinois project in African studies for teachers from Missouri, Arkansas, and Illinois.

STATE HUMANITIES PROGRAMS

The Committee wishes to acknowledge the positive changes that have evolved in the State Humanities programs since these programs were given legislative authority by Congress in 1976. Humanities programs became operational in all States in 1975. The membership of the humanities committees in the states has been broadened significantly. A membership rotation process has been instituted which helps to assure a broad public representation and a periodic infusion of fresh ideas. (The Committee notes, however, that in spite of the improved membership and rotation policies, the actual selection of new committee members remains the perquisite of the Committee itself.) The projects supported by the State Committees, moreover, are varied and reflective of the diverse cultural fabric of our country. The focus of State programs has been significantly broadened. These aspects of the State humanities programs are evolving as the 1976 reauthorization legislation directed.

The Committee believes, however, that the respective State governments have not been as active a partner in these programs as was intended in the 1976 legislation. The Committee understands that the governors of all but three States have exercised an option available to them to appoint two members to the humanities organization in their respective states. Another option currently
available to the governors allows them to appoint one half the membership of each State humanities organization provided that the State matches the Federal financial assistance according to a graduated formula. The Committee believes that the latter option would be more effective in strengthening ties between the States and the humanities committees. A partnership of this sort would serve to further broaden the base of humanities programming. It is carefully noted by the Committee, however, that no governor has exercised his option to appoint one half the members of a humanities committee at any point since this legislation was passed. It is the opinion of the Committee that this option has offered little incentive for a governor to decide to participate.

The Committee recognizes the meritorious quality of the State humanities programs, as well as the high caliber and sincere dedication of the leadership involved. Throughout the reauthorization proceedings, the Committee has been impressed by the sensitivity and thoughtfulness of the State humanities community. However, it continues to believe that the States themselves should have the determining voice in the development of State programs.

The Committee wishes to point to the substantial national impact of the activities of the Arts Endowment since enactment of the enabling legislation--particularly in the increasing value of the State arts programs and in the related growth of municipal support. The growth is exemplified by the 24-fold increase in State appropriations for the arts in 14 years--from $4 million to $97 million and by the dramatic growth of community arts councils to
more than 2,000 in the same period. The Committee believes that the options detailed below, which comprise a significant part of the legislation it is reporting, will help make possible a similar strengthening of humanities programs at the Federal, State, and local levels.

Therefore, the Committee bill provides for a State to designate a State Humanities Council. For such a council to be designated, the humanities organization already in existence as the recipient of the State's allotment of funds for humanities programs under this Act must be named. In addition, the State must match 50 percent of the minimum State grant or 25 percent of the total amount of Federal financial assistance, whichever figure is higher for that fiscal year. These monies must come from newly appropriated State funds. The Committee wishes to make clear its intent on this point. It would strongly discourage the transfer of funds previously appropriated to other State programs, such as those in the arts, in order to initiate such a humanities council. The Committee must underscore its desire to have strong separate State programs in the arts and in the humanities. This is regarded as vital to the continued growth and vigor of both areas.

Should a State elect to establish a State Humanities Council, the Chief Executive Officer of the State will be entitled to appoint new members to the council as the terms of current members expire. The Committee understands an average member's term of service to be two years with opportunities for a single additional two-year term.
The Committee desires that the public, "citizen-steward" character of the existing councils be retained under the State agency option, while seeking to guarantee that State councils be more objective in their stewardship of public funds. It should be further emphasized that the Committee wishes to ensure that a State Humanities Council is the central, policy-making organ of a State humanities agency rather than merely an advisory adjunct of a new State bureaucracy under the control of the Governor.

The Committee would like to stress, in addition, that any programs carried out by such State Humanities Council, continue to make the humanities accessible, useful, and meaningful to as broad a public as possible.

If a State fails to meet any one of the requirements detailed above, the existing humanities organization will continue to operate as it does at present except that four members will be gubernatorially-appointed instead of two. The gubernatorial appointees, however, shall not constitute more than 20 percent of a council's membership.
The meetings of the two Endowment advisory councils are understood by the Committee to be sessions at which important policy directions for the Federal programs in the arts and the humanities are discussed. The Councils are expected to make full use of these forums in exercising their responsibility to advise the Chairman with respect to Endowment policies, programs, and procedures. If, from time to time, a Council member wishes to raise issues having to do with general or specific Council procedures, an opportunity should be made available for adequate discussion. The Committee regards the Councils' function as highly important and believes that more frequent or lengthier meetings may be necessary in order for members to function as effectively as possible.

It is the understanding of the Committee that all meetings of each Council be open to the general public. The Committee believes that the Council review of grant applications can be conducted in public meetings without
jeopardizing the integrity of the review process. Information as to the time and place of each Council meeting should be readily available to the public and accommodation for members of the public should be anticipated at all such meetings.

The Committee is aware, however, that there may be occasional exceptions to justify a closed session, such as instances when sensitive personnel matters are discussed. The Committee believes that these exceptions to an open process should be infrequently exercised.

ADVISORY PANELS

The Committee continues to underscore the importance of advisory panels to the work of the Endowments.

Such panels significantly serve to broaden the scope of expert knowledge and counsel which the Endowments receive from the private sector in keeping with one of the guiding principles of the legislation. The Committee notes favorably that there is a broader representation of viewpoint on each panel and that all styles and forms of expression which involve quality in the arts and humanities are being more equitably treated. The Committee urges that this process continue.

The Committee firmly believes that the names of panelists should be a matter of public record as soon as they are appointed to serve. It is understood that, on occasion, a published list will be impossible to assemble before a panel actually convenes. Nevertheless,
the Committee asks every effort to be made to have the names of panelists as well as the specific panel on which each sits, available to an applicant or member of the public on request. The Committee also asks that summaries of panel comments be made readily available to applicants on request.

CHAIRMAN'S GRANTS

The Committee asks that each Endowment Chairman continue to use caution and discretion in the use of Chairman's discretionary funds. It is the intent of the Committee that these grants be made primarily to respond to emergency situations when, because of a pressing time factor, an application through the usual review process is impossible. The Chairman of each Endowment is directed by the Committee to make a complete listing of all Chairman's discretionary grants in their respective Annual Reports to the President.

The Committee urges the Endowment Chairmen to comply with the legislation by submitting these Annual Reports by April 15 of each year.

INTERNATIONAL PROGRAMS AT THE NATIONAL ENDOWMENT FOR THE HUMANITIES

The Committee notes favorably the international programs funded by the Humanities Endowment and is supportive of an expansion in these areas.
ENDOWMENT REPRESENTATIONAL EXPENSES

The Committee expresses concern about the practice at each Endowment of using privately raised funds for entertainment and other representational purposes. In order to avoid any situations involving a potential conflict of interest, the Committee is providing in its bill a separate reservation of administrative funds for representational purposes. It is the firm intent of the Committee, in light of this authorization, that all independent fund raising by the Endowment for such purposes be ceased. All monies donated to the Humanities Endowment from the private sector on behalf of the annual event known as the Jefferson Lecture are included in this section. The Committee believes that the authorized sum is adequate to meet all representational needs.
AUTHORIZATION OF APPROPRIATIONS

After considering various proposals, the Committee is recommending that funding for both the Arts and Humanities Endowments be increased by 15 percent annually. This would permit the Endowments some real growth beyond the anticipated rate of inflation. The Committee believes, however, that higher rates of increases would be inconsistent with the intent of the Congress to moderate the level of Federal expenditures. Therefore, the Committee has asked that the total authorization for the Arts Endowment increase from $175 million in 1981 to $306 million in 1985 while the Humanities Endowment increase over the same period from $170 million to $299 million.

The Committee believes that the major share of the yearly increases to the Endowments should be devoted to the program areas. At the Arts Endowment, for example, it is through the programs such as dance, theater, and music that the Endowment is able to accomplish its two foremost objectives: sustaining and encouraging the arts of the highest quality and making artistic projects and presentations available to as wide an audience as possible. The Committee has recommended, therefore, that program funds for the Arts Endowment be increased from $114.5 in FY 1981 to $206 in FY 1985.
Treasury funds, though similar in purpose to regular program monies, require a higher level of non-Federal match--three non-Federal dollars for each Federal dollar. The Committee recognizes that the Arts Endowment recently sustained a nearly three-fold increase in its Treasury funds and that a higher rate of increase would be an inappropriate strain on the Endowment and on arts organizations around the country. The match required for Treasury funding often places these funds beyond the reach of newer and emerging arts institutions which the Committee wishes to see the Endowment support. The Committee recommends, therefore, that the Arts Endowment's Treasury authorization be increased more modestly from $18.5 million in FY 1981 to $22.5 million. The Humanities Endowment would rise from $12.5 million to $22.5 million.

The Committee is recommending a more substantial increase in the funding for each Endowment's Challenge Grant Program. These programs, as described elsewhere in this Report, were designed to help stabilize the precarious financial situation of the Nation's leading cultural institutions. The Committee encourages an expansion in this category of support by authorizing an increase in Challenge Grant monies for the Arts Endowment from $27 million in FY 1981 to $52.3 million in FY 1985. The Challenge Grant Program at the Humanities Endowment is authorized to increase from $30 million in FY 1981 to

The Committee recommends modest increases in the authorized levels for each Endowment's administrative budget. The Arts Endowment budget would range from $14 million in FY 1981 to $18 million in FY 1985. The Humanities Endowment's administrative budget is authorized to rise from $13 million in FY 1981 to $17.5 million in FY 1985.