Arts, Humanities, and Cultural Affairs Act (1976): Report 02

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ARTS, HUMANITIES, AND CULTURAL AFFAIRS ACT
OF 1976

APRIL 9, 1976.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. PERKINS, from the Committee on Education and Labor, submitted the following

REPORT
[To accompany H.R. 12838]

The Committee on Education and Labor, to whom was referred the bill (H.R. 12838) to amend and extend the National Foundation on the Arts and Humanities Act of 1965, to provide for the improvement of museum services, to establish a challenge grant program, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment strikes out all after the enacting clause and inserts in lieu thereof a substitute text which appears in italic type in the reported bill.

Purpose
H.R. 12838, as amended, would:
1. Extend support through 1980 for the Arts and Humanities Endowments at authorizations of $100 million each for fiscal year 1977, $115.5 million each for fiscal year 1978 and such sums as Congress finds necessary for fiscal years 1979 and 1980.
2. Establish a new Institute of Museum Services in the Department of Health, Education, and Welfare to provide help to museums for exhibits, educational programs, professional, curatorial training, conservation of collections, traveling programs, and operating expenses generally. The Institute would be administered by a Director with the advice of a Board broadly representative of all types of museums including museums of science, history, technology and art. The bill authorizes $15 and $25 million, respectively, for the first two years of the program 1977 and 1978 and such sums as Congress may determine for 1979 and 1980.
3. Authorize the National Arts Endowment and the National Humanities Endowment to make “challenge grants” of one Federal dollar to match $3 in private funds to cultural institutions in great need. $15
The National Endowment for the Arts and Humanities was established in 1965 by Public Law 89-924. The Arts and Humanities Act was amended in 1970 by Public Law 91-98 and in 1976 by Public Law 94-40. In addition, the legislation created the National Endowment for the Humanities and its joint administrative staff who report to both Chairmen.

The Endowment has authority over the arts, humanities, and economy. Some of these endowments have joint administrative authority over both. The Endowment for the Arts and Humanities, for example, has joint administrative authority over the National Endowment for the Arts and Humanities. This arrangement allows the Endowment to address the needs of both programs without duplication of effort or expense.

The Endowment is administered through two committees, the House Committee on Appropriations and the Senate Committee on Appropriations. The Endowment is also advised by the National Council of the Arts and Humanities. The Endowment is headquartered in Washington, D.C., with regional offices in major cities across the country.

The Endowment provides grants to artists, arts organizations, and humanities scholars. These grants support a wide range of activities, including performances, exhibitions, publications, and research. The Endowment also coordinates programs that promote public awareness of the arts and humanities.

The Endowment is funded by a combination of federal appropriations and private donations. The Endowment's budget is reviewed annually by Congress and is subject to the regular budget process.
Regional efforts

Regional efforts, involving state cooperation, are at present being undertaken by seven regional coordinators assisting many states in undertaking projects on a cooperative basis through such regional organizations as Western State Arts Foundation, the Upper Midwest Regional Arts Council, the Mid-America Arts Alliance, and the Southern Federation of State Arts Agencies. Funding for these organizations has more than doubled, from $600,000 in fiscal year 1975 to $1,374,000 in fiscal year 1976.

Between February 17 and March 2, 1976, nine regional meetings were held in five different locations to discuss and review basic state arts agency grants, the addition of professional staff to state and regional arts agencies, and increases in money to the Associated Council on the Arts for seminars, and to the National Association of State Arts Agencies for a national office with a full-time staff.

Among other encouraging activities is an Expansion Arts Contract for Comprehensive Technical Assistance in the amount of $560,000 to strengthen projects in the areas of economic and artistic need, and to develop 20 regional media centers.

The Committee commends the Endowment's efforts to develop the Museum Exhibition Cooperation program, which provides for loan of, and touring arrangements for collections. It is also encouraging to see that with the increase in funds from $320,000 in fiscal year 1975 to $1,600,000 in fiscal year 1976, the number of professional dance companies outside of New York City, eligible for participation in the Dance Touring Program have risen from 29 to 37. In similar efforts to make quality drama widely available, the Endowment's efforts have been recognized with unanimous agreement on the need to develop a touring program.

Public media

The Committee notes with approval that since fiscal year 1974 the Arts Endowment has funded seven series for public television broadcasting beginning this year: Dance in America; Drama by American Authors; Live Performances at Lincoln Center; Women Artists (pending National Council approval); and three American Film Series on Immigrant Film Directors, Blacks in American Film and American Indians in Film.

In a related development worth noting, the Committee is pleased to report that since the latest publication in public television in American households (1975: 32 percent, 1976: 84 percent), the Committee is pleased to report the estimates for audience of dance and drama television series are excellent: drama (24 programs), 50 million viewers; dance (first series on the Jeffer Company), 3.5 million viewers.

The testimony received by the Committee illustrates the encouraging growth in the support, scope and quality of State arts agencies created under section 5 of the Act.

The increase in the minimum grant to $200,000 for each State has had beneficial results. State art agencies have been leaders in providing grants to aid institutions with their operating expenses and developing programming to meet local and community needs.

The Committee is pleased to hear of such innovative State programs as the Contemporary Arts Bank in Alabama, the Governor's Challenge Fund, and a well-structured program of the Tennessee Arts Commission.

The committee has used the development of regional arts efforts, involving state cooperation, and notes that there are at present

When the latest publication occurred, the states 10 years ago, state funding for the arts was approximately $4 million per year in total. Today it exceeds $60 million. The Committee places great importance on this 15-fold increase. It demonstrates that the states committed.
Advisory panels

The Committee is aware that professional advisory panels now play a significant role in the Endowment's programming decisions. The panels, which meet several times annually, provide an integral service to the Arts Endowment by reviewing and making recommendations on grant applications before they are considered by the Chairman and the National Council on the Arts. In addition, the panels make recommendations with regard to policies concerning their own program areas for consideration by the National Council on the Arts.

Because of this significant role played by the advisory panels, the Committee urges that there be broad representations from the particular art form for which the panel functions. In addition, the Committee urges frequent rotation of the panel members in order to foster a greater involvement of the public in the decision-making process of the Endowment.

American Film Institute (AFI)

The Committee is pleased to acknowledge the American Film Institute's accomplishments and growth over the last three years; in particular, the success of the AFI in developing a broader base of support. The AFI's private fundraising doubled between 1973 and 1975, and self-generated revenue for the Institute grew during the period 1973-1976 from $922,600 to $1,370,375. During this same period, the Committee notes that grants from the National Endowment for the Arts (NEA) increased from $1,100,000 to only $1,200,000. The Committee commends the AFI for its highly successful efforts in securing private matching funds, achieving in recent years better than a dollar for dollar match.

Analysis of growth of American Film Institute self-generated revenue:

<table>
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<th>Fiscal year</th>
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<tr>
<td>1973</td>
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<td>$1,370,375</td>
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In testimony before the Committee, George Stevens, Jr., Director of the American Film Institute, noted that the recent programs and activities of the AFI included:

- the preservation of more than 12,500 motion pictures through its collection at the Library of Congress, which will ensure the safety of a large portion of America's film heritage;
- the compilation of the AFI catalogue, a partially completed, ongoing program directed at ensuring...
projected 19-volume series which will document every feature film produced in the United States since 1893;
training and education in filmmaking at the Institute’s Center for advanced Film Studies in Beverly Hills, California, in which more than 1000 young professionals participated in the past year;
special internships for aspiring film directors to work with established professionals;
a pilot training program designed to aid women already working in motion pictures to gain the experience needed to achieve positions as film directors;
the Independent Filmmaker Grants program which has provided support to over 150 filmmakers since 1968;
the publication of the monthly American Film Journal of Film and Television Arts and a biennial Guide to College Courses in Film and Television;
the operation of the AFI Theatre in the John F. Kennedy Center for the Performing Arts as a gallery of film showing over 800 motion pictures a year, and offering an outreach program of assistance to regional theatres in exhibiting special film programs.

The Committee reviewed the history of the American Film Institute which was created by the National Endowment for the Arts in 1967 to fill a void in the motion picture and television arts. The AFI is the only agency created by the Arts Endowment and, therefore, particular attention has been given by the Committee to the AFI’s organizational status and funding. The Committee is aware that the AFI’s existence depends on combined governmental and private funding. The growth of non-governmental funding in which the AFI has shown substantial progress, is necessary to fulfill the original concept of a national film institute supported by a combination of Arts Endowment and private monies. The Committee is pleased with the constructive steps taken by NEA and AFI toward achieving stable government and private support and encourages NEA to create a multi-year funding formula which will provide AFI the stability the Institute needs to attract private funding and appropriate growth.

NATIONAL ENDOWMENT FOR THE ARTS;
Washington, D.C., February 27, 1976.

Hon. JASON PELL,
Chairman, Subcommittee on Select Education, House of Representatives
Washington, D.C.

DEAR MR. CHAIRMAN: This letter conveys our recognition of the significant progress that the American Film Institute has made in advancing the art of film, and helps you with our current plans, which we are confident will result in an effective relationship between our agencies to advance mutual goals.

Both the Institute and the Endowment are pleased with the results of the Institute’s growth over the last eight years and with the Endowment’s contributions to its purposes. We both believe that the Institute has an important role to play in encouraging American film and television. At the same time we both recognize the magnitude of the job to be done and the many difficulties involved. We realize the benefit of our working closely together and also the great importance of our working cooperatively with others.

Arts and Humanities, U.S.
Senate, Washington, D.C.
With the support of Senator Pell and Congressman Brademas and their respective committees, we feel that the National Council on the Arts and the American Film Institute's Board of Trustees are assisting us to move in the right direction. We, of course, need also to work in concert with the Appropriations committees in both houses, and believe we are doing so.

The issues faced by the Endowment and the Institute are not simple, but we will try to state them simply.

The American Film Institute has a leadership and catalytic role to play in the development of film and television in this country. The Endowment recognizes this role and is committed to work with the Institute in fulfilling it.

To achieve its purposes, the Institute requires a long-range plan of stable funding. This will provide it with the opportunity to develop long-range programs and services. The Institute needs a continuity and dependability of support, both government and private. The Institute has done remarkably well in developing a broader base of support in recent years, and the National Council on the Arts is both pleased and anxious to encourage this progress.

The Endowment and the Institute need to improve and strengthen their joint planning capacities and to develop a more efficient and effective review process for the Institute's grant and contracts.

To address these issues, we have, on the recommendation of the National Council on the Arts and after extensive consultation among our respective staffs and with the Institute's Board of Trustees, developed the following procedures:

1. An advance funding plan whereby the Institute will develop a five-year planning budget and program;

2. An advance commitment plan whereby the Endowment will act on the Institute's annual budget application nine months prior to the beginning of the Institute's fiscal year;

3. As part of a restructuring of the Endowment's Public Media advisory system, a General Programs subpanel is being established, composed of leading professionals in the film and television fields. This subpanel will review all the Institute's applications for new and expanded programs and contracts annually, and will review ongoing Institute programs in three-year cycles;

4. A project manager has been appointed to administer the Endowment's responsibilities with the Institute and to coordinate the work of the subpanel; and

5. In addition, the Endowment and the Institute are exploring other procedural changes, including alternative ways to incorporate multi-year grants and contracts in the application and review process.

We both believe that when the procedures already agreed upon and those now being considered are fully implemented, the issues mentioned above will to a great measure have been successfully addressed.

Sincerely yours,

Nancy Hanks,
Chairman, National Endowment for the Arts.

George Stevens, Jr.,
Director, American Film Institute.

Enclosure.
Memorandum on the Status of the Relationship

In July of 1975, the staffs of the National Endowment for the Arts and the American Film Institute developed the following list of major areas of mutual concern: (1) Stability of support; (2) Institutional standing; (3) Ability to plan; (4) Level of support (rate of increase); (5) Fairness of review; (6) Clarification of the purpose of the review; (7) Clarification of information required to perform review; (8) Reduction of the administrative burden on both the AFI and the Endowment caused by the review; and (9) Clarification of the programmatic and administrative roles of AFI and Endowment in carrying out the contracts and grants.

After considerable discussion at its July 28-29, 1975 meeting, the National Council on the Arts recommended several ways in which the Endowment and the AFI can work effectively toward the resolution of these concerns. The proposals of the Council were explored in depth with the staff of the Institute; these discussions have resulted in a number of specific steps toward major procedural changes. All of these changes are in accord with the normal Endowment practices and the operational responsibilities and schedules of the AFI. These steps are outlined below:

1. Advance Funding.—As a first step toward moving into an advance planning situation, the Council agreed that the Endowment should utilize the transition period appropriation to fund the 1977 budget. Hereafter, the staff and panel review process for the AFI application will begin in October. The following September the Council is to review the application for the year beginning the next July. Under this schedule a planning for fiscal 1978 begins now and the Council plans to review that application in September 1976. This decision was made to increase the stability of funding and to facilitate the AFI’s capacity to plan ahead. This will also help the Endowment incorporate the AFI’s need into its budget planning which takes place in the fall for the fiscal year beginning the following July.

Action Taken.—The application for the AFI’s 1977 fiscal year was taken to the September Council meeting and the Council recommended support of the grant request at $1,400,000, recognizing that the funds would be provided from the Endowment “Transition Quarter” monies which would be available July 1, 1976. The Council also expressed a willingness to consider fiscal 1977 request for support of “new and augmented” programs at a later date.

Although the Endowment has informed the AFI of this recommendation, the final action on this grant and the Council’s consideration of new and expanded programs for 1977 have been postponed until the implications of the 1976 Appropriations Conference Report can be resolved. The application for AFI’s 1978 fiscal year is due to be submitted to the Endowment this spring and will be reviewed by the Council in September 1976.

2. Panel Structure.—The Public Media Program’s panel structure has been completely reorganized to broaden its advisory capacity for the varied aspects of the Program.

Four subpanels are being set up with strong expertise in various areas. One subpanel will handle applications submitted under the Programming in the Arts category of Public Media; another sub-
panel will handle Media Studies; another, Regional Development; and another, General Programs. This latter subpanel will be composed of individuals of stature from the film and media community and will review all AFI applications and make recommendations to the Council.

The General Programs Panel is to handle all applications that do not fall into specific program guidelines. However, whenever applications submitted under the General Programs category are more specifically within the realm of expertise of one of the other subpanels, the Public Media staff will distribute the applications for review accordingly.

In addition, a planning panel will be set up composed of representatives of each of the four subpanels as well as other top experts in the field. The reorganization should improve the quality of advice that the Public Media Program receives on all of its programs' activities. It will also allow for greater specialization and thereby increase each subpanel's familiarity with all the grants being reviewed. The changes should reduce the burden of review on all the panelists and enable them to do a better job.

Action Taken.—The Endowment is currently interviewing and selecting individuals for all these new panels. The list of potential panel members for the General Programs Panel was developed with the help of Council Member Robert Wise. Interviews with these individuals have taken place and the first panel meeting is planned for late March.

3. Review Procedures.—The panel's review of AFI will take place in the context of 5-year plans updated annually, and will separate the ongoing activities from the new and expanded programs. The new and expanded programs will be reviewed annually by the panels. The ongoing activities will be reviewed by the panels in 3-year cycles, using consultants as necessary.

These procedures should: a) improve the stability and continuity of support and review; b) increase the AFI's capacity to plan; c) provide a thorough review; d) lead to a more clearly defined set of criteria under which the AFI is being reviewed; and e) improve the coordination of the activities of the AFI and the activities of other grantees of the Endowment.

The cyclical review pattern should also lead to a lessening of the administrative burden on both the AFI and the Endowment and provide a multi-year approach that facilitates continuity.

4. Project Manager.—Critical to the implementation of the new review procedures is the hiring of an individual who can work very closely with the AFI in the development and review of the annual grant and contract applications. This individual will work in the Public Media Program and will have full responsibilities for all activities relating to the AFI grants and contracts. This individual will be able to work with the AFI to clearly define the information that the panel needs to review the applications, will develop procedures for a more efficient and effective processing of grants thereby reducing the administrative problems, will keep the Chairman informed on activities related to the AFI, and will be able to responsively resolve questions concerning the AFI and the Endowment in the administration of the contracts and grants.
Action Taken.—On January 29, 1976, Mr. James Backas, former executive director of the Maryland State Arts Council, began a contract to carry out the functions described above. He has already gone to California to review the operations of AFI’s Center for Advanced Film Studies and to interview potential members of the General Programs Panel.

The American Film Institute, the Arts Endowment, and the National Commission on the Arts realize that the plans developed thus far to address areas of initial concern must be implemented. We are currently exploring alternative approaches to multi-year funding, and realize the need to continue exploring the desirability of still further procedural changes to enhance an effective working relationship. However, we are all pleased with the initiatives to date.

NANCY HANKS,
Chairman, National Endowment for the Arts
GEORGE STEVENS, JR.,
Director, American Film Institute.

NATIONAL ENDOWMENT FOR THE HUMANITIES, 1974-76

During the past three years the National Endowment for the Humanities (NEH) has acted to: direct the attention of persons and institutions involved in the humanities to questions of pressing social concern; expand traditional concepts to increase participation in the humanities by all sectors of the population; and facilitate the use of humanistic knowledge so that American scholarships may secure the foundation of educational and educational programs.

The Committee is pleased to acknowledge a number of accomplishments by the Humanities Endowment.

The NEH State-based Programs have become operational in all 50 states (and by the end of this fiscal year will include the territories). This year, alone, these programs will involve thousands of local and statewide projects reaching over 31 million Americans, directly and through the media, and focusing public attention on broad problems such as economic growth, land use, and woman responsibility.

As a major contribution to a serious observance of the Bicentennial, the NEH-developed American Issues Forum program has been adopted by thousands of civic, educational, media, religious, and professional and labor groups across the country. The majority of these efforts are being carried out without Federal support, providing an excellent example of Federal leadership and seed money.

NEH has joined the British Broadcasting Corporation’s challenge of quality educational and cultural television. The Adams Chronicles, the largest historical series ever produced by American television, (and the largest series of any kind undertaken by public television) supported from its beginning by NEH, was broadcast in early 1975 by millions, receiving critical and public acclaim, and incorporated into the curriculum of hundreds of schools and colleges around the country.

Outstanding museum exhibitions (like the Chinese Archeological, Savitri Gold, and French Impressionists exhibitions) have been brought from abroad to be viewed by millions of Americans while scores of American museums have received NEH aid in mounting ex-

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hibitions and conducting educational programs on national and regional culture.

The Endowment has given special attention to non-traditional study of the humanities, like the "Courses by Newspaper" project, which offers newspaper readers across the Nation an opportunity to take actual college-level courses. Just initiated at the time of the last reauthorization, the program continues to flourish and is now carried free in over 450 newspapers, reaching nearly one out of every four Americans.

NEH research and fellowship awards, which have offered continuing support for the discovery of basic humanistic knowledge, have increasingly aided work on problems of national concern, like the ethical questions relating to biological and medical advances, the background of our urban and racial problems, the questions relating to our environment and the quality of American life.

**Major Provisions of H.R. 12838 as Amended**

**State Humanities Councils**

H.R. 12838, as amended, authorizes the National Endowment on the Humanities to provide grants to state humanities councils, whether created as state agencies or as voluntary organizations. This assistance is intended to help state humanities councils develop adequate programs within their various jurisdictions. The assurance of a minimum of Federal funds available to states for these purposes should provide the state programs with a greater degree of stability. Each state would be entitled to $200,000 or 20 percent of any monies appropriated for the Humanities Endowment. H.R. 12838, as amended also provides that the state humanities councils should rotate their memberships in order to assure a broad public representation and to encourage coordination of the program's activities with responsible officials and other appropriate agencies in each state.

**National Council on the Arts and National Council on the Humanities**

H.R. 12838 as amended provides that the members of the National Councils on the Arts and the Humanities shall be appointed by the President, with the advice and consent of the Senate. The Committee wishes to stress that in order for the Council to be truly representative of the arts and the humanities, it should be aware of all relevant viewpoints. The Committee, therefore, strongly urges that any imbalances presently existing on the Councils be corrected when nominations are next considered for the National Council on the Arts and the National Council on the Humanities.

**Museum Services**

**Purpose**

The Museums Services Act, Title II of H.R. 12838 as amended, will provide funds to museums of every kind to support both the programs and operating expenses of these institutions. Monies will be available for a variety of activities, including the improvement of exhibits, administrative costs, staff training, education programs, con-
seriation and the development of special programs. The measure is intended to assist museums in their educational role, to encourage the modernization of their facilities and procedures and to ease the general financial burdens experienced by museums.

The legislation establishes a new Institute of Museum Services in the Department of Health, Education, and Welfare, to be administered by a Director with the advice of a Board. The members of the Board must be broadly representative of various museums, including those devoted to science, history, technology and art as well as zoos and botanical gardens. The fifteen-member Board will also include representatives of the curatorial, educational and cultural resources of the nation and the general public. The Director, Deputy Director and the Board will be appointed by the President with the advice and consent of the Senate.

H.R. 12838 as amended provides authorizations of $15 million and $25 million for fiscal years 1977 and 1978, respectively, and such sums as Congress may determine for 1979 and 1980 to carry out this new program.

Background

Over the past four years, the Committee has been studying the changing role of museums in American life and the financial situation of museums in this country. In 1972, 1974 and 1975, the Committee conducted extensive hearings on the subject of museum services in Washington, D.C.; Chicago, Ill.; Los Angeles, California; San Francisco, Calif.; Boston, Mass.; Fort Worth, Texas; Brooklyn, N.Y. and New York, N.Y.

Role of museums

The testimony from all areas of the country clearly indicated created critical problems for museums, and in the panel hearings conducted in 1972, 1974 and 1975, the House Committee on Education and Labor, Subcommittee on Education and the Arts, Humanly Significant Work, in the Education hearings in 1973, increased the testimony from all areas of the country clearly indicated created critical problems for museums.

In examining the changing role of museums, the Committee found that museums are no longer regarded simply as the depositories of the past but as growing centers of learning, making positive contributions to the communities of which they are a part. In a 1974 Lou Harris poll, 90 per cent of the public agreed that museums are an important resource for the whole community. A majority of the public, in the same poll, chose museums over dance, plays and opera as the activities which are important for young people to attend.

Financial strains on museums

The Committee observes that the increased requests for services, especially educational services, have been creating financial strains on our museums and that increased costs for training staff, guides, guards, interpreters and maintenance must be met. The measure, as it is now written, would provide funds to meet these needs.
A report made on September 27, 1975, by the Council on Foundations to the National Council on the Arts called attention to the severe financial strains confronting the museums sampled in a survey on the relative impact of inflation on the arts:

For some museums the future will be truly problematic if municipal support continues to be cut and endowment income fails. (Even the growth rate of this income seldom equals that of inflation.) The situation as a whole must still be judged "stable," but it is a stability fraught with unstable variables, any one of which could seriously damage or compromise the integrity of the museums in the sample and their counterparts elsewhere.

The rise in expenditures of museums has necessitated cutbacks in services, staff or facilities in over one-third of the nation's museums. Sixty-six percent of all museum directors questioned in the "Museums U.S.A." survey agreed that their current operating budgets did not permit full utilization of facilities, exhibits, collections, staff and other museum resources.

Federal role in museum support.

Witnesses testifying at hearings before the Committee have stated that the only possible source for additional assistance for the operating needs of museums is the Federal government.

Based on the Committee's extensive study of this problem, the Committee recommends that the Federal government should provide significant support to enable all types of museums to meet their responsibilities. In fact, the Federal government currently contributes only a small part into the total support of the operating costs of American museums. The study, "Museums U.S.A.," noted that among the sources of income to museums, the Federal government provided 12 percent of the total income for the 1,831 museums, but that 78 percent of that Federal money went to Federal museums.

The NEA survey showed that more Americans visit science museums and history museums than museums devoted to art. Of the total number of visits made to museums, the study recorded that 38 percent were to science museums, 24 percent were to museums of history and 14 percent to art museums.

The Committee applauds the efforts of both Endowments over the past few years in assisting museums with grants for "special projects" such as exhibitions, training and fellowships for museum professionals, renovation of buildings for improved security and climate control, purchase of objects and artifacts, and conservation of collections and "with the passage of the federal endowment expects that there will be no lessening of the financial assistance and effort of the Endowments to extend this important support to museums. Most of their concern has been for museums of history and art and are limited to "special projects." The proposal contained in this legislation would support a broader purpose. Assistance under the Museum Services Act would concentrate on operating programs as opposed to "special projects." In addition, support would be available to..."
H.R. 12838 as amended authorizes the Chairman of the National Endowment for the Arts and the National Endowment for the Humanities to establish a program of challenge grants to cultural institutions in great need.

The grants, which may be in the form of contracts and grants-in-aid to public agencies and private non-profit organizations, are intended for the following purposes: (1) To enable cultural institutions to raise their levels of financial support; (2) To provide for the improvement of the administration and management of cultural institutions; (3) To aid cultural organizations in increasing audience participation in, and appreciation of, their various programs; (4) To stimulate greater cooperation among cultural organizations; and (5) To foster greater citizen involvement in planning the cultural development of a community.

The program would provide that every Federal dollar expended under the challenge grant program must be matched by three non-Federal dollars.

The Committee has also made provision for the transfer between Endowments of funds for the challenge grant program not totally expended by one or the other. Funds available to either of the two Endowments under this section may be transferred to the other with the mutual agreement of both Endowments.

The Committee by inclusion of this new provision recognizes the necessity of broadening the range and enlarging the number of sources of financial support for cultural institutions of quality. In addition, it is important to increase the levels of support, thus creating a more effective private-public sector partnership in cultural activities.

The Endowments' expenditures in their first decade have been a significant catalyst to generating new and increased funding as well as maintaining ongoing support from other public and private sources. Indeed, the ability of cultural organizations to generate matching funds for Endowment grants has been a welcome sign of those organizations' effectiveness and the public's growing appreciation of the importance of the arts and humanities. Rather than dominating, Federal funds have been a way to help insure the pluralism of support essential to the vitality of cultural pursuits. This pluralism grows even more important as the number of cultural institutions increases and participation in their activities extends more widely among our citizens.

In this regard, the Committee has been particularly interested in the Arts Endowment's efforts over the past few years with the use of challenge grants to assist cultural organizations in raising new or increased funds. To a lesser extent, this is also true of the Humanities Endowment.

The new Challenge Grant program will enable the Arts and Humanities Endowments to develop a more flexible program for quality cultural and humanities institutions. While, the principal objective of this new authority will be to raise levels of continuing financial support,
the Committee also recommends that grants and contracts be used to encourage recipients to improve long-range programming, audience and financial development planning; and to work together more effectively at the community level in bringing their services to a wider audience. $15 and $90 million, respectively, are authorized for fiscal years 1977 and 1978 and such sums as necessary for fiscal year 1979 and 1980.

Cost Estimate

In compliance with clause 7 of the Rule XIII of the Rules of the House, the Committee estimates the following costs will be incurred in carrying out the provisions of H.R. 12838 as amended:

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<td>(1)</td>
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<td>161.5</td>
<td>189.0</td>
<td>250.0</td>
<td>297.0</td>
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<td>(1)</td>
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</table>

1 Such sums as are necessary.

Note- With regard to the funding of title I, II, and III, such sums as are necessary are authorized for fiscal years 1979 and 1980. It would be the committee's expectation that amounts available in these 2 fiscal years would be no less than the amount appropriated for fiscal year 1978.

Budget Statement

In accordance with Rule XI of the Rules of the House of Representatives, the Congressional Budget Office has submitted the following report:

CONGRESS OF THE UNITED STATES,
CONGRESSIONAL BUDGET OFFICE,
WASHINGTON, D.C., APRIL 6, 1976.

Honor John Brademas,
Chairman, Subcommittee on Select Education, Committee on Education and Labor, U.S. House of Representatives, Washington, D.C.

Dear Mr. Chairman: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for H.R. 12838, a bill to amend and extend the National Foundation on the Arts and Humanities Act of 1965, to provide for the improvement of museum services, to establish a challenge grant program, and for other purposes.

Should the Committee so desire, we will be pleased to provide further details on the attached cost estimate.

Sincerely,

Alice M. Rivlin, Director.

Attachment.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

2. Bill Title: To amend and extend the National Foundation on
the Arts and Humanities Act of 1965, to provide for the improvement of museum services, to establish a challenge grant program, and for other purposes.

5. Purpose of Bill: The purpose of this bill is to: (1) authorize the National Council on the Humanities to establish and carry out programs of grants-in-aid in each of the several States in order to develop programs in the humanities in such a manner as will furnish adequate programs in the humanities in each of the several States; (2) encourage and assist museums in their educational role, in conjunction with the formal system of education and with programs of non-formal education for all age groups, as well as to assist museums in modernizing their methods and facilities; (3) establish a challenge grant program with public agencies and private nonprofit organizations. This bill is an authorization and does not provide budget authority. Funding for the National Foundation on the Arts and Humanities would be subject to subsequent appropriations action.

4. Cost Estimate: (Dollars in millions).

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<td>Rule III</td>
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<td>Total</td>
<td>290</td>
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<td>293</td>
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</tbody>
</table>

4. Such sums as may be necessary.

5. Basis for estimate: This estimate is based on the authorization levels stated in H.R. 12838.

6. Estimate comparison: Not Applicable

7. Previous CBO estimate: Not Applicable.


JAMES L. BLUM
Assistant Director for Budget Analysis.

Oversight Statement

No summary of oversight findings and recommendations made by the Committee on Government Operations under clause 2(b)(2) of Rule X of the Rules of the House of Representatives was available to the Committee with reference to the subject matter specifically addressed by H.R. 12838, as amended.

No specific oversight activities, other than the hearings accompanying the Committee's consideration of H.R. 12838, as amended, were made by the Committee, within the definition of Rule XI of the House.

Inflationary Impact Statement

Pursuant to clause 2(l)(4), Rule XI of the Rules of the House of Representatives, the Committee estimates that enactment of H.R. 12838, as amended, will have little inflationary impact on prices and cost in the operation of the national economy. H.R. 12838 is es-
Section-by-Section Explanation of the Bill

The first section of the bill provides that the bill may be cited as the "Arts, Humanities, and Cultural Affairs Act of 1977."