Principal Features of the Bill

1. In Title I there is provision for specific funding for the State Humanities program, in accord with the funding levels applicable to the State Arts program. There is provision for more State involvement in the Humanities program than at present. Several options are provided so that States may have the opportunity of carrying out programs appropriate to their individual needs.

2. Title II provides added support for the nation's museums in funding areas which museum leaders have repeatedly testified are of particular importance.

3. Title III contains an Arts Challenge Program aimed at generating up to $3 non-federal dollars for every federal dollar invested, and aimed at improving long-range planning and development of arts organizations, so that they may have the opportunity of maximum growth and benefit to their communities.

4. Title IV authorizes the National Endowment for the Arts, with its considerable resources and experience, to develop demonstration programs in arts education. The title envisages programs on a pilot basis which would focus on the types of arts education which could prove best and most effective for the future.

5. Title V, Part A, provides for the establishment of a Humanities Challenge Program, parallel in funding provisions to those of Title III for the Arts, and focusing attention on the goals and priorities relevant to the period between the present and the 200th anniversary of the Constitution of the United States in 1989. Part B of Title V provides for a Bicentennial Photography and Film Project aimed at producing a comprehensive survey of the United States, and to be carried out primarily by the States themselves. Reference is made in this title to the highly-praised photographic survey of the nation undertaken under government auspices almost 40 years ago.

6. The legislation also makes the appointment by the President of the members of the National Council on the Arts and the National Council on the Humanities, the two key advisory bodies of the two Endowments (Arts and Humanities), subject to the advice and consent of the Senate. In addition, the bill applies the same fair labor practices applicable to the Arts program since its establishment to the activities of the Humanities Endowment where appropriate.
LEGISLATIVE CONSIDERATION

The Special Subcommittee on Arts and Humanities of the Committee on Labor and Public Welfare held joint hearings on S. 1800, S. 1809, H.R. 7126, and related legislation with the Select Subcommittee on Education of the House Committee on Education and Labor on November 12, 13 and 14, 1975. With regard to provisions to assist the nation's museums, it should be pointed out that in addition to the above-mentioned hearings comprehensive hearings on museum needs were held by the Senate Subcommittee in 1973 and by the House Subcommittee beginning at a similar time and extending more recently to regional hearings held in 1975. Traditionally the two Subcommittees have worked in close cooperation and have shared together an extensive body of material and information.

Senate hearings before the Subcommittee were also held on April 9, 1976 to consider proposals for programs which would relate, in particular, to the nation's goals and priorities during the period between the 200th anniversary of the Declaration of Independence and the 200th anniversary of the United States Constitution.
Committee Action

The Committee amended the legislation reported by the Subcommittee in the following manner --

(a) It provided that the Arts Endowment may support American arts activities abroad but only if the primary purpose of such support is to further support the arts in the United States.

(b) It reduced from fifteen to nine the number of members for the Board of the National Institute for the Improvement of Museum Services established in Title II. The nine members include: The Chairman of the National Council on the Arts and two of its members designated by such Chairman; the Chairman of the National Council on the Humanities and two of its members designated by such chairman; and three members appointed by the President, with the advice and consent of the Senate, who are not members of either Council.

(c) It provided that, with respect to the Arts Challenge Program, established by Title III, up to twenty per cent of the funding could be utilized without adherence to the matching provisions of this title for especially worthy projects which otherwise could not be initiated. This is in accord with the conditions set forth in section 504 of the legislation.

(d) It provided an additional option for States under the State Humanities program established in Title I. This option allows for the support of existing State Humanities Committees provided they meet the requirements of State law, establish appropriate grievance procedures to answer possible complaints, and comply with certain other criteria including broad representation of membership and appropriate accountability.

On this latter amendment a roll call vote was taken as follows:

Yeas
Cranston
Hathaway
Javits
Schweiker
Beall
Stafford
Williams

Nays
Pell
Kennedy
Nelson (by proxy)
Mondale (by proxy)
The Committee wishes to note that the bill is reported as an original bill.

On May 21, 1975, S. 1800 was introduced by the Chairman of the Subcommittee with the cosponsorship of Senator Javits. This bill contained comprehensive provisions for the reauthorization of the Arts and Humanities program. It also contained in Part B of its Title II the "Arts and Artifacts Indemnity Act." Because of exigencies relating to this part, it was considered separately, passed by the Senate, subsequently by the House, and it became Public Law 94-20, December 20, 1975. In its separate Senate and subsequent consideration by the Congress, the parent number S. 1800 was used. Lacking an appropriate specific number for the comprehensive reauthorizing legislation involved, the Subcommittee developed an original bill and this, as amended by the Committee, is reported.

Were there an opportunity for co-sponsors of this reported legislation, the Committee notes that the following Senators expressed a desire to so join: Senators Javits, Williams, Kennedy, Nelson, Mondale, Eagleton, Hathaway, Taft and Stafford.

The Committee wishes also to note the long and close association of Senators Pell and Javits in the development of bi-partisan support for the Arts and Humanities program, and with respect to the program's growth and beneficial results.
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; and in 1973 by Public Law 93-133. The 1965 legislation created the National Foundation on 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 National Endowment for the Arts and the National Endowment for the Humanities have joint administrative staff who report to both Chairmen.

NATIONAL ENDOWMENT FOR THE ARTS

The Committee is particularly gratified by the Arts Endowment's overall program which brings quality in the arts to an ever increasing number of Americans--regardless of their geographical location, or economic circumstances.
The Committee believes that the Arts Endowment is continuing to fulfill its important role as a catalyst in the development of the arts. It applauds the wisdom of assisting existing organizations to enhance their activities while at the same time exerting leadership in the development of new organizations. The Committee cites as examples the more than 50 resident professional theaters and 60 resident professional dance companies now in operation. In the ten-year span of the Endowment's life, these groups have dramatically increased. Ten years ago, the number of resident theater groups was 15 and the number of dance companies only ten.

During the past three years, the two groups have almost doubled in numbers, showing an increasing momentum. The Committee is mindful of the Endowment's constructive programs to assist our nation's orchestras and opera companies, and individual artists in all fields of endeavor; and it looks forward to a continuing growth of the arts, so that their benefits can reach all parts of our country.
Regional efforts

The Committee has urged the development of regional arts activities involving state cooperation and notes that there are at present seven regional coordinators assisting many states in undertaking projects on an intercooperative basis through such regional organizations as the Western State Arts Foundation, the Upper Mid-West 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 $806,617 in fiscal year 1974 to $1,374,000 in fiscal year 1976.

Public media

The Committee is pleased to report since fiscal year 1974, when the latest previous reauthorization occurred, the Arts Endowment has funded seven series for public television broadcasting: 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.

continued --
State arts agencies

The testimony received by the Committee focused on 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 over $200,000 for each State has had beneficial results. State art agencies have become leaders in providing a wide variety of programs to meet local and community needs.
When the Endowment began its assistance to the States ten years ago, State funding for the arts was approximately $4 million per year in total. Today's total exceeds $60 million. The Committee places great significance on this 15-fold increase. It demonstrates that the States are giving growing priorities to the arts and that there is substantial and growing grass-roots support for them, in keeping with findings, which were reported in the hearings, of Louis Harris, the well-known poll taker and Chairman of the Associated Councils of the Arts. Mr. Harris has emphasized that the American people in the years ahead will be searching for "a quality of experience to fit the quality of life." In this search, he has pointed out, "the arts are central."

Financial Needs

The Committee received comprehensive testimony from the National Committee for Cultural Resources regarding the financial needs of the non-profit arts in the United States. Based on extensive research, this Committee recommends that "Federal aid should provide an average of no less than 10 per cent annually of the funds needed by the arts organizations of the nation." Based on this assessment, this Committee urged that a minimum of $225 million be authorized -- and appropriated --
to meet most pressing needs. The Labor and Public Welfare Committee carefully considered this recommendation. It believes that there are many unmet needs in the arts. It recognizes that inflation plus recession have placed often critical limitations on the development of our cultural resources, at the very time when our people are placing increasing demands on these resources to benefit the quality of their lives. It recognizes that the arts, and the manifold related businesses with which they are involved -- from tourism, to the vast assortment of art supplies and suppliers, to the construction or improvement of art facilities which frequently serve as focal points for community growth and the attraction of industry -- have a highly important economic impact. It recognizes that the arts are labor intensive -- that when a major orchestra performs, for example, 100 individual musicians, 100 jobs, are involved. It also recognizes the present appropriateness of the ten percent figure. The Committee continues to believe that the Federal role should never be dominant and that the federal investment should constantly be used to stimulate non-federal assistance. While the authorized amounts are well below those recommended to the Committee -- and also well below those adopted by the Senate in 1973 -- the Committee believes they are in keeping with the necessity for fiscal restraint and that they offer an opportunity for future needed growth.
Additional Research

The Committee notes favorably that the Arts Endowment has increased its capability to research needs in the arts. In this regard, the Committee wishes especially to emphasize that its requested study of theater needs, including the commercial theater as it relates to non-profit theater activities and as general needs relate to the entire development of this important art form, is long overdue. The Committee expects a thorough report on this matter within the next year.
Historic Preservation

The Committee commends the Arts Endowment for the initiatives it has taken in projects which are of abiding value to our nation, and recalls in its report on the last previous reauthorization legislation recommending that the Endowment only support projects of such value and quality in particular reference to the Bicentennial. In this regard, the Committee encourages the Endowment to place an increasingly important emphasis on projects related to the preservation and enhancement of our country's historic houses and landmarks, so that, in accord with the Declaration of Purpose of the initial enabling legislation -we may achieve "a better understanding of the past."

The Committee is pleased to acknowledge accomplishments of the Endowment during the past three years since reauthorization.

1. The Endowment's Research Division is described by the Endowment Chairman as "the smallest of its programs supporting the works of scholarship which, although they contribute to the benefit of the nation as a whole, can only employ the minds of a few". In a Bicentennial program to reach a wider audience, this Division is supporting the preparation of special histories of each State in the Union, "written for the general reader by distinguished writers."

2. The Division of Education has embarked on a series of experimental grants to include major metropolitan museums and libraries as focal points for year-long educational programs for urban populations.

3. The Division of Fellowships traditionally serves to enhance the competence of scholars and teachers in the humanities. It has recently broadened its program to include journalists, lawyers, medical practitioners and public administrators, so that they may have a greater awareness of the values of the humanities.

4. The Endowment has helped to support Public Televisions, "The Adams Chronicles," the widely acclaimed saga of the Adams family; and it has assisted in funding such major exhibitions as the display of Impressionist paintings from the Soviet Union at the National Gallery, the Tapestry Masterpieces exhibition at New York's Metropolitan Museum of Art and the showing of Chinese archeological treasures in San Francisco and Kansas City.
The Committee received testimony from the Chairman of the Endowment which included specific examples of the benefits of Federal support:

The range of direct, immediate beneficiaries covers (for example) the junior college teacher who receives a summer stipend for individual study of American Indian culture; the several scholars who are preparing an historical atlas of the United States; a group of college faculty who are integrating ethical studies into their engineering and pre-med curricula; a team of scholars and editors designing "Courses By Newspaper" on critical public issues; and a museum exhibition or a television film program.

In all these cases, however, the immediate grantees have received NEH funds because their work will serve ultimately hundreds, even millions, of Americans; the junior college teacher's knowledge of American Indian culture will benefit hundreds of students during his or her teaching career; the historical atlas will be used by hundreds of other scholars and in thousands of classrooms and libraries, enriching education and the future acquisition of knowledge; the revised college curriculum will be emulated by other institutions and help train thousands of young people for professional work of broad effect among the general population; Courses By Newspaper will appear in hundreds of city newspapers and be read by millions; and the museum and television projects will be viewed by other millions in small towns as well as major urban areas.

In addition, the effects of one small grant can be spread out over different time periods and felt by ever larger numbers of people at each stage. Thus, for example, a Youthgrant of $2,910 to an 18-year-old youth in Southern Nevada helped her organize a local history project which directly involved 35 4-H club members, resulting in four television presentations and an historical exhibit, at the Nevada State Fair, which helped thousands of people gain a greater understanding of the development of their state.

Given this mix of program purposes and immediate and long-term audiences, it is not possible to quantify for any year what a particular budget authority level produces in "number of individuals served." But facts and conservative estimates yield this picture of the reach of NEH programs in the present fiscal year. They will support the work of 160 individual humanist scholars, for research, fellowships, and youth-grants. They will fund educational development in 200 schools, colleges, and universities. They will assist 250 research collections, museums, libraries and other humanities-related institutions. They will support 2,290 projects developed in all 50 states through re-grants of the state-based programs, involving 12,400 humanists and reaching an adult audience of 21 million. And they will reach 23 million people through national and regional television and radio programs; 18 million through Courses By Newspaper; and a further multi-million audience—surely the largest audience ever engaged in a nation-wide program—through the American Issues Forum and Bicentennial Youth Debate.

These are not just statistics. Some are grant recipients pushing back the frontiers of scholarship, learning to become better teachers, or organizing and presenting humanistic knowledge for academic or general use. Many are active participants in community discourse addressed to life's difficult decisions; many more are seeking out those few hours or pages in which the media have begun to explore the ideas and works of history's great minds.

While such examples illustrate the potential of Federal support for the humanities to affect large numbers of our citizens, the Committee wants to see greater emphasis in the future on the type of activities which will make the values inherent in the humanities better understood and appreciated by our people.
State Humanities Programs

For the first time since enactment of the Arts and Humanities legislation in 1965, there is specific language included for a State Humanities program. In the past the Committee has urged the Humanities Endowment to formulate such a program. In 1975 the Endowment reported that there were State programs in all 50 States. Accordingly, S. 1800 introduced by the Chairman of the Subcommittee, Senator Pell and co-sponsored by Senator Javits, contained a legislative provision aimed at giving legislative authority to these programs, and at giving the States themselves the opportunity to develop their own programs in answer to their own desires and needs.

The Committee points out that the State program for the Humanities is presently conducted through committees in each State and that the leadership of these committees emanated through appointment from Washington and the Humanities Endowment, rather than emanating from the States themselves. In turn, the committee leaders and chairmen were responsible for the selection of committee members.

In contrast, from the outset in 1966, the State arts program has emanated from the States, with chairmen and members of State arts councils appointed by the Governors of the States involved.

State Humanities committees conduct programs in accordance with specific themes related to particular subject areas in a given year. In contrast, State arts programs are not restricted to such themes and thus are responsive to a wide variety of application each year.

The Committee recognizes the meritorious quality of State Humanities programs, as well as the caliber of leadership involved. However, it believes that the States themselves should have the determining voice in the development of State programs.
Therefore, the bill provides for any State to exercise its own program. One option is a phase-in of State leadership through (1) gubernatorial approval of the State plan in cases where State committees continue to function; (2) after a three year period dating from enactment of the legislation, a majority of committee members will be gubernatorially appointed; and (3) take other steps to assure broadly representative membership and public participation in Committee activities.

The legislation also provides a second option of Federal funding by the Endowment of an existing State agency which combines the administration of State programs in the Arts and Humanities within one entity.

Thirdly, the bill also allows States to designate an existing Committee for the Humanities, provided that (1) the State has established an appropriate procedure for dealing with legitimate grievances of its citizens regarding the activities or plans of the State Committee; and (2) take other steps to assure broadly representative membership and public participation in Committee activities.

For each of these three options, a single agency or committee must be designated as the sole State entity for support by the National Endowment for the Humanities under this Act, and the entity must be designated in accordance with State law.
The Committee looks forward to increased grass roots impact of the Humanities program. It remembers that in the early days, when the enabling legislation was under consideration, the humanities community provided the inspiration and national impact which were primarily responsible for bringing the overall legislation into reality.

The Committee notes the substantial national impact of the activities of the Arts Endowment since enactment of the enabling legislation -- in the increasing value of the State arts programs, in the related growth of municipal support, as well as in the dramatic growth of community arts councils from less than 100 to more than 1,000 in ten years.

The Committee believes that the legislation it is reporting will help make possible a strengthening of Humanities activities, both at the State and community level and with respect to the innovative Bicentennial era challenge program for the Humanities Endowment described below in this report.
American Film Institute (AFI)

The Committee wishes to note the accomplishments and growth of the American Film Institute over the past three years. In particular, the Committee applauds the success of the Institute in generating a broader base of non-federal support. The Institute has more than doubled this support since 1973, as the table below demonstrates. Current estimates indicate an additional 28 per cent increase, from $1,861,360 in 1975 to $2,370,375 in 1976. In contrast, support from the National Endowment for the Arts has increased by 17 per cent -- from $1,100,000 in 1975 to $1,290,000 in 1976. The figures show that the Institute has achieved a better than dollar for dollar match, with respect to federal assistance.

Analysis of growth of American Film Institute self-generated revenue

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>AFI self-generated revenue:</th>
<th>NEA general grant:</th>
</tr>
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<tbody>
<tr>
<td>1973</td>
<td>$22,600</td>
<td>11,000,000</td>
</tr>
<tr>
<td>1974</td>
<td>1,227,400</td>
<td>11,000,000</td>
</tr>
<tr>
<td>1975</td>
<td>1,861,360</td>
<td>1,100,000</td>
</tr>
<tr>
<td>1976</td>
<td>2,370,375</td>
<td>1,290,000</td>
</tr>
</tbody>
</table>

*Estimated.*
Accomplishments of the Institute, as reported by its Director George Stevens Jr. at the hearings, include:

- the preservation of more than 12,500 motion pictures through its collection at the Library of Congress, an ongoing program directed at ensuring the safety of a large portion of America’s film heritage;
- the compilation of the AFI catalogue, a partially completed, 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 operation of the AFI Theatre in the John F. Kennedy Center for the Performing Arts as a gallery of film showing over 600 motion pictures a year, and offering an outreach program of assistance to regional theatres in exhibiting special film programs.
Committee Oversight

During the past year the Subcommittee on Arts and Humanities carefully reviewed the relationship between the Endowment and the Institute. The Institute is unique in its having been established by the Endowment in 1967 in order to improve quality in the major art forms of film and television. The Institute's mission is both educational and archival. From the beginning, it was clearly recognized that the success of AFI would depend on a combination of federal and non-federal funding, with emphasis on developing broad cooperative support. The Subcommittee urged the establishment of procedures which would maximize the development of such support, including procedures which would afford maximum opportunity for the appropriate growth of the Institute and its significant endeavors with Endowment assistance.

Accordingly, the Committee is gratified by the letter, whose text is printed below, addressed to the Chairman of the Subcommittee, with an identical letter going to the Chairman of the Subcommittee in the House of Representatives.
NATIONAL ENDOWMENT FOR THE ARTS,
Washington, D.C., February 27, 1976

Hon. CIALIBORNE PELL
Chairman, Special Subcommittee on Arts and Humanities, U.S.
Senate, 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 informs you of 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.
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.
MUSEUM SERVICES

Title II provides for the establishment of an Institute for the improvement of Museum Services to support our nation's museums, primarily in the areas involved with administrative costs where museum leaders report most urgent needs.
Background

Over the past four years the Subcommittee on Arts and Humanities has been studying the increasingly significant role of museums in American life. In 1973 the Subcommittee conducted extensive hearings on the subject, the most extensive ever held in the Senate, and in 1972, 1974 and 1975 the Select Subcommitte on Education of the House conducted additional hearings in Washington, D.C., Chicago, Los Angeles, San Francisco, Boston, Fort Worth, Brooklyn and New York City.

Changing Role of Museums

The testimony presented to the Senate from all areas of the country clearly indicated that the pressures, both of increasing population and the growing interest of Americans at all economic levels in seeing works of art, historic objects and scientific collections in our nation's museums, have created critical problems for museums in meeting the rising costs of their services. These services are increasingly in demand. Attendance at museums has risen sharply in recent years. Current estimates of individual visits to museums now approximate one billion visits on an annual basis -- a five-fold increase from ten years ago.

Underscoring the vital role museums are playing, a 1974 Louis Harris poll indicated that 90 per cent of the public consider museums a significant resource for the whole community.

Museums have moved into communities in new ways and are seeking to build new audiences. "Museums U.S.A." a major survey conducted by the National Endowment for the Arts, showed that 31 per cent of our museums had developed programs to attract senior citizens, and 27 per cent were making special efforts to meet the needs of the economically disadvantaged.
Annual operating expenses of the 1,821 museums surveyed totaled $478,912,000. And two thirds of these museums reported that their current budgets did not enable them to provide adequate services to the communities they serve. These same museums reported that an average increase of 45 per cent in their annual budgets within a three year span would be required to enable them adequately to serve their constituencies. Based on these findings it is apparent that the needs for these museums are approximately $145 million within the above time frame. It must be remembered that this survey was completed in 1973 and that since that time museum needs, far from diminishing, have continued to increase. It must also be remembered that this survey, while the most comprehensive of its kind yet undertaken in the United States, represents only a portion of our nation's museums, estimated to number close to 5,000.

In view of these considerations, the Committee believes that the authorized amounts contained in the legislation are modest. The Committee also believes that the implementation of this program, which has been before the Congress for a number of years, is overdue. It addresses needs, especially in the operating and administrative cost areas, which are not being met today. Museum leaders repeatedly testified that these considerations are of highest priority.
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 highly commends 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 this legislation 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 limited to "special projects." The proposal contained in this legislation would support a broader purpose. Assistance would concentrate on operating and on-going programs as opposed to "special projects." In addition, support would be available to all types of museums of science and technology for which assistance at the present time is relatively small.
The Committee took particular concern as to the appropriate location within the Executive Branch of the new Museums Institute. While the original bill suggested location within the Department of Health, Education, and Welfare (HEW), the Committee rejected this proposal on several grounds:

(1) HEW has relatively little dealings with existing museums.

(2) HEW officials had testified against the establishment of a museum program or a Museum Institute, either within their Department or elsewhere within the Federal Government.

(3) Experience at HEW with the similar programs to advance libraries has been unfortunate. Museums are more like libraries than any other existing HEW activity. Library program units in HEW have undergone several administratively directed reorganizations prior to a direct Congressional mandate to establish an Office of Library Programs. The prior history of impoundments, the current situation of zero budget request as well as rescission requests, and the designation of libraries by HEW officials as a "low priority program" of this Administration -- illustrate the possibility of an inhospitable environment for a similar new program to advance museums.
(4) The need for national visibility of the new Institute could not be achieved by an organizational location among the many bureaus within the Education Division or another location which the Secretary might determine.

The desirability of close coordination with the principal Government agencies currently funding museum related activities, the National Endowment for the Arts and the National Endowment for the Humanities, was a major advantage. However, the Committee did not wish to locate the Institute wholly within either Endowment, because both currently undertake museum related activities. Other units of the Federal Government also relate to museums, although none in the same ways as authorized for the Institute, and none as directly as the Endowments.

The primary identity of the national cultural community with the Federal Government is with the National Foundation for the Arts and Humanities and its components. The prevention of unnecessary duplication by creating as the Board an "interlocking directorate" of existing NCA and NCH members appeared to the Committee to be an ideal solution for this organizational location question. The expertise of both Councils and their Chairmen can thus be brought to the policy considerations of the Board of the Institute.
Administration of the Institute

The Committee envisioned that within the National Foundation for the Arts and Humanities there will be a third entity, the Museum Institute, which can share the administrative services, which are now shared by NEH and NEA. These resources would have to be adequately expanded to carry out the additional responsibilities of servicing the new Institute. While the Director of the Institute shall need to appoint appropriate experts and specialists to properly administer the museum program, he would benefit from the overlapping membership on the Institute Board of NCA and NCH members, as well as use of the panel mechanism which has been used so successfully by both Endowments. The Committee envisions that, where appropriate, NEH and NEA panels will work cooperatively with the Institute and any panels the Institute deems necessary to create for its particular purposes. Regarding requests to the Congress for funding, the Committee anticipates that the Chairman of the Federal Council on the Arts and the Humanities shall, as a part of his regular duties, take such steps as necessary to see that requests are made to the Congress for funds for both programs and administrative activities of the Institute.
The legislation in P.L. 97-46 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 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. Challenge grants provide an effective means for achieving these goals through more widespread sharing of responsibility for the financial support of cultural activities in communities throughout the country.

The Committee believes that one of the most important features of the challenge grant program is the encouragement of recipients to improve and integrate their program, audience, and financial development planning. This is essential if they are soundly to build new and continuing sources of support and a more stable pattern of future operations and growth.

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. 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 ever more important as the number of cultural institutions increases and participation in these activities extends more widely among our citizens.

The Committee commends the Arts Endowment for the initiatives it has taken to make the federal investment serve its maximum purpose in stimulating non-federal support, and believes that the new challenge program will provide the Endowment with a much needed opportunity to address not only on-going needs but to develop new sources of future funding for the arts. In this regard the Committee also commends the Endowment for plans it is developing to encourage added corporate support.
Arts Education Program

Testimony at the hearings on this legislation emphasized the important dimensions which the arts can bring to the educational process. The Arts Endowment, with its experience and resources of knowledge and expert opinion, is considered a most appropriate agency to initiate on the basis set forth in this title activities which will focus on exemplary demonstration projects of value to education both now and in the future.

It is the understanding of the Committee that such projects would relate to instructional activities and purposes. It is the intent of the Committee, in accord with the traditional concepts of the legislation, that activities undertaken under this title would not displace or supplant professional art programs.

The Committee emphasizes the desirability of cooperative programs, as authorized by section 404 (b), with the Humanities Endowment, the John F. Kennedy Center for the Performing Arts and the Office of Education.
American Bicentennial Photography and Film Project

This project was inspired by the memorable and invaluable work produced by Farm Security Administration photographers who documented for posterity the era of the 1930's. The purpose of the project is to stimulate production of a similar body of work which will provide a lasting documentation of the communities and people of the United States in the Bicentennial era.

The bill authorizes state arts agencies to apply to the National Endowment for the Arts for support of one or more photography or film projects. The Endowment is directed to give priority to consideration for projects which involve unemployed or underemployed photographers and film makers.

The Committee received testimony pointing to the need for a photographic record of high quality to properly capture the Nation at its second century milestone. Thus, only the most promising, experienced and skillful artist among those unemployed or underemployed should be given priority under Section 523(a)(2). The Committee wishes to assure that highly qualified photographers are employed to undertake this effort, so that the resulting collection of film and photography reflects the best artistry of our times. The Endowment is also authorized to provide for the collection and dissemination of the work. The Committee would encourage the Endowment and state arts agencies to make the films and photographs produced available to the greatest possible number of American citizens, whether
their interest is personal or professional.

The Committee bill authorizes states to use some of the funds received for "acquiring essential equipment and supplies, and for administrative or supervisory personnel" and other functions. The Committee wishes to emphasize that such funds are to be used only to pay for the services of administrative or supervisory personnel directly involved in carrying out the Bicentennial Photography and Film Projects. In addition, the Committee wants to emphasize that it does not expect that significant investments would be made by state agencies in equipment under this program. Purchases of equipment should be undertaken only if they are considered to be essential to the implementation of a particularly promising project which would not be carried out without such purchases.

The Committee wishes to note that while there is no mandatory requirement for matching funds for this program, the Endowment does have the authority to require matching in all appropriate cases.
The Committee wishes to note that percentage funding procedures, with the exception of State arts and humanities programs where such procedures were earlier initiated and cover the broad range of arts and humanities activities, are not included in this legislation.

Many witnesses and supporters of the Arts and Humanities Endowments have cautioned against "line items" in funding these cultural areas. The Committee has taken cognizance of these arguments. It places great importance on the ability of the two national advisory Councils to determine priorities for both the arts and the humanities. However, the Committee wishes to distinguish clearly between so-called line items and the principle of program reinforcement through which the Congress may set certain broad goals and establish, within the general framework of the Act, specific opportunity for new initiatives.

By adhering to this principle, the Committee believes it has strengthened the potentials of the two Endowments to fulfill their missions.
In this tenth anniversary report on the activities and needs of the Endowments, the Committee wishes to reemphasize Section 4 (c) of the enabling legislation enacted in 1965.

That subsection states: "In the administration of this Act no department, agency, officer or employee of the United States shall exercise any direction, supervision, or control over the policy determination, personnel, or curriculum, or the administration or operation of any school or other non-federal agency, institution, organization, or association."

The Committee believes that the concepts inherent in this subsection are of fundamental value to the growth and development of the arts and humanities in a free society, and hopes that they will apply to all participants in the program.
International Activities

In pursuing any international activities, the Endowments are expected by the Committee to consult and cooperate closely with the Department of State, so that such activities may be conducted in a manner consistent with the foreign policy objectives of the United States. If negotiation with foreign countries or agencies thereof becomes necessary, the Committee believes that such negotiation should be conducted by the Department of State in close consultation with the Chairman of the Endowment concerned.
Handicapped individuals have the right to participate and benefit in the arts and humanities. Gifted and talented handicapped individuals have not had access to open competition in developing and marketing their talents. Study grants and subsidies should be open to promising and talented handicapped performers and fine artists to assist them in the pursuit of their talent. A special emphasis should be made with respect to grants to individual performers and performing groups of handicapped individuals.

Access to the arts is still severely restricted to many handicapped individuals because of architectural and communication barriers which have not been overcome or removed completely from museums, concert halls, and other places where the arts are performed. Tokenism has been the answer to some degree in that some facilities have made some arrangements for wheelchair use. All handicapped individuals should have open access to the arts free of communication, transportation and architectural barriers.

The Committee recommends that the National Council on the Arts should undertake projects and programs which provide opportunities for talented and gifted handicapped Americans.
Uniformity of Appointment of Members of the National Council on the Arts

The Committee notes that since the expansion of the National Council on the Arts from 24 to 26 members in 1965, the appointment of two members of the Council is not in conformity with the appointment of the other twenty-four members as those terms expire (one-third of the members of the Council every two years). The Committee recommends that consideration be given to appointive procedures which would enable every two years the new appointment of the following number of members: 8, 8 and 10. The Committee believes that such a procedure would add to the efficiency and cohesiveness of the Council.
Advisory Panels

As in the past, the Committee underscores 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 community in keeping with one of the guiding principles of the legislation. Because of the importance of these panels, the Committee urges the broadest possible representation of viewpoint on each panel, so that all styles and forms of expression which involve quality in the arts and humanities may be equably treated.

The Committee recognizes the sensitivity of the work of these panels and the need for confidentiality, to the extent allowed by law, in order to protect the rights of applicants and the proper functioning of the panels themselves. The Committee also recognizes that the public has the right within the law for all appropriate information on the work of the Endowments. In this regard, the Committee notes favorably the balance the Endowments have struck between, on the one hand, the interest of the agencies in obtaining candid expert advice and, on the other, the interest of the general public in being properly informed as to Endowment activities. The Committee believes that this balance is needed to maintain the professionalism and dedication to service so essential to the work of the panels.
In compliance with the Committee estimates the following costs will be incurred in carrying out the provisions of this legislation.

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With regard to the funding of the above titles, such sums as are necessary are authorized for the fiscal years 1979 and 1980. It would be the Committee's expectation that moneys available in these two fiscal years would be no less than the amounts appropriated for fiscal year 1978.

The Committee also wishes to note that the total sums authorized for fiscal 1977 ($250 million) is $2 million less than the total authorized ($252 million) for Arts and Humanities in the current fiscal year.
Pursuant to section 133(b) of the Legislative Reorganization Act of 1946, as amended, the following is a tabulation of roll-call votes in Committee:

An amendment of Senator Stafford, as amended by Senator Javits, to provide an additional option to States under the State Humanities program. This option allows for the support of existing State Humanities Committees, provided that they establish appropriate grievance procedures to answer complaints and comply with other criteria including broad representation of membership and accountability and provided that such a procedure is in accordance with the laws of the State involved.

**Yeas**
- Senator Cranston
- Senator Hathaway
- Senator Javits
- Senator Schweiker
- Senator Beall
- Senator Stafford
- Senator Williams

**Nays**
- Senator Pell
- Senator Kennedy
- Senator Nelson (by proxy)
- Senator Mondale (by proxy)
The Honorable Harrison A. Williams, Jr.
Chairman, Committee on Labor
    and Public Welfare
United States Senate
Washington, D.C.  20510

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 the Arts, Humanities, and Cultural Affairs Act of 1976.

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

Sincerely,

Alice M. Rivlin
Director

Attachment
CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

1. BILL NUMBER: Not Yet Assigned

2. BILL TITLE: Arts, Humanities, and Cultural Affairs Act of 1976

3. PURPOSES OF BILL: (1) Amend and extend the National Foundation on the Arts and Humanities Act of 1965; (2) Provide for the improvement of museum services; (3) Provide for cultural challenge programs, an arts education program, and an American Bicentennial Photographic and Film Project; and for other purposes.

4. COST ESTIMATE: ($ in millions)

The estimated budget impact of this proposed legislation is presented below:

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5. BASIS FOR ESTIMATE: This estimate is based on the authorization levels, where stated in the bill, legislative intent where the authorization is "such sums as may be necessary", and National Foundation on the Arts and Humanities projections of outlays.

For FY 79-80, where such sums as may be necessary have been authorized, the legislative intent is that at least $300 million be authorized during that period. Outlays for all the authorizations are estimated to be spent out at 60 percent the first year, 30 percent the second year, and 10 percent during the third year. The table below delineates authorization levels and outlays.
6. ESTIMATE COMPARISON: Not Applicable.
7. PREVIOUS CBO ESTIMATE: Not Applicable.
8. ESTIMATE PREPARED BY: Robert F. Black (225-4972)
9. ESTIMATE APPROVED BY:
   James L. Blum
   Assistant Director
   for Budget Analysis