1976

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. 12833]

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, $15\$ million each for fiscal year 1978
   and such sums as Congress may determine 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

3. Authorize the National Arts Endowment and the National Hu-
   manities Endowment to make "challenge grants" of one Federal dollar
to match $3 in private funds to cultural institutions in great need. $15
million is authorized for the challenge grant program in fiscal year 1977, $20 million for fiscal year 1978, and such sums as may be necessary for fiscal years 1979 and 1980.

4. Allow the funding of any state humanities council, whether created as a state agency or a voluntary organization, and require that at least $200,000 per state or 20 percent of all Humanities Endowment monies go to support state humanities programs.

5. Call for the appointment of members of the National Council on Art and the National Council on Humanities to be confirmed with the advice and consent of the Senate.

In addition, there are a number of conforming and technical amendments which would equate the functions of the two Endowments on a more equal basis.

LEGISLATIVE-CONSIDERATION

The Subcommittee on Select Education of the House Committee on Education and Labor held joint hearings on H.R. 7216, S. 1850 and related bills with the Special Subcommittee on Arts and Humanities of the Senate Committee of Labor and Public Welfare of the Senate, on November 12, 13 and 14, 1975, in Washington, D.C. In addition, the House Subcommittee on Select Education held hearings on September 24, 25, and 26, and October 31, 1975, in Washington, D.C.; September 27, 1975, in Fort Worth, Texas; November 8, 1975, in Brooklyn, New York; and November 10, 1975, in New York, New York.

The Subcommittee on Select Education thereafter met in mark-up session on the bill H.R. 7216 on March 29, 1976, with the bill being ordered reported with an amendment to the full committee by a unanimous vote of 14-0. A clean bill, H.R. 12838, was thereafter introduced reflecting the Subcommittee action.

The Full Committee on Education and Labor met on April 6, 1976, and ordered reported to the House by a vote of 23-0, the bill H.R. 12838 as amended.

Historical Background

The National Foundation on the Arts and Humanities was established in 1965 by Public Law 89-209. The original Act was thereafter amended in 1967 by Public Law 90-248; 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 Presidially 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, 1974-76

The Committee supports the Arts Endowment's ongoing endeavor to bring quality arts to an ever increasing number of Americans—regardless of their geographical location, or economic circumstances. Which brings quality in the
Regional efforts

Regional offices have seven regional coordinators assisting many states in undertaking projects on a cooperative basis through such regional organizations as the Western States 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 $850,000 in fiscal year 1974 to $1,874,000 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 Councils 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 $569,000 to strengthen projects in the areas of economic and artistic need, and to develop 20 regional media centers.

The Committee directs 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 1974 to $1,600,000 in fiscal year 1976, the number of professional dance companies outside New York City eligible for participation in the Dance Touring Program have risen from 29 to 37. In a similar effort to make quality drama widely available, the Endowment is following its lead in reaching 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.

Significant increases in public television in American households (from 32% in 1974 to 52% in 1976, 84% today), the Committee is pleased to report the estimates for audience of dance and drama television series are excellent: drama (21 programs), 50 million viewers and dance (first series on the Jeffrey Company), 3.5 million viewers.

State arts agencies

The testimony received by the Committee highlights 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 $300,000 for each State has not had beneficial results. State arts agencies have been leaders in providing grants to art 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.
Grant Program in Kentucky and the municipal and county challenge grant program in North Carolina.

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 $2,370,375. 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:

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NEA general grant:

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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, an 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 the Film and Television Arts and a biannual "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 600 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.

Hon. Joes Boardman, 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 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.

National Endowment for the Arts,
Washington, D.C., February 27, 1976.
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 25-27, 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 proposal 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 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 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 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 renewed 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, and 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 Backus, 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 Committee 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, 1975-76

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 public 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 5 territories). This year, alone, these programs will involve thousands of local and statewide projects reaching over 3 3 million Americans, directly and through the media, and focusing public attention on broad problems such as economic growth, land use, and citizen responsibility.

As a major contribution to a serious observance of the Bicentennial, the NEH developed an 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 equalled 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 to 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, Sevres' 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-
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 430 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 programs' 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-
ervation 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

In its examination of the role of museums in our society, the Committee found that the pressures, both of an increasing population and the rising interest of Americans of all kinds in seeing works of art, historic objects and scientific collections in American museums, have pushed museums to their limits in meeting the rising costs of their services. Museums have moved into communities in new ways and are building new audiences. For example, "Museums U.S.A.", a survey conducted by the National Endowment for the Arts in fiscal years 1971 and 1973, stated that 31 per cent of all museums had developed programs to attract senior citizens, and 27 per cent had made efforts to attract economically disadvantaged groups.

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. A 1974 Lou Harris poll indicated that 90 per cent of the public agrees 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 those 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, guards, guides.
acquisitions, maintenance, exhibits, and buildings have stretched the financial resources of many institutions.

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 now 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.

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 of 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 1,821 museums, but that 75 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 37 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 1975 Act mandates expects that there will be no lessening of the financial assistance and efforts 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 $20 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>Title I: Endowment for arts</td>
<td>113.5 72.5 87.0 100.0 113.5 (1) (1)</td>
<td></td>
</tr>
<tr>
<td>Endowment for humanities</td>
<td>113.5 72.0 87.0 100.0 113.5 (1) (1)</td>
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<tr>
<td>Matching grants</td>
<td>25.0 15.0 15.0 70.0 25.0 (1) (1)</td>
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<tr>
<td>Title II: Institute of Museum services</td>
<td>15.0 20.0 (1) (1)</td>
<td>20.0 (2)</td>
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<tr>
<td>Title III: Challenge grants</td>
<td>250.0 161.5 189.0 250.0 297.0 (1) (1)</td>
<td></td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>252.0</strong> <strong>161.5</strong> <strong>189.0</strong> <strong>250.0</strong> <strong>297.0</strong> (1) (1)</td>
<td></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 1977 and 1980. It would be the committee expectation that moneys 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,

HON. 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 would 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.

3. 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>Authorization amounts:</td>
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<tr>
<td>Title I</td>
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<td>Title II</td>
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<td>Title III</td>
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<tr>
<td>Total</td>
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</table>

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


9. Estimate approved by: 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(b)(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-
sentially a continuation of an ongoing program with modest expansion in several areas. It is the judgment of the Committee that the inflationary impact of this legislation as a component of the total Federal budget is negligible. In terms of the estimated total budget for the Federal Government, the new authorization for fiscal year 1977 would amount to .0006 percent of the budget. In terms of the gross national product, the new authorization for fiscal year 1977 would amount to .00013 percent of the GNP.

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 1976".

TITLE I—ARTS AND HUMANITIES

STATE HUMANITIES COUNCILS

Section 101(a) amends section 7 of the National Foundation on the Arts and Humanities Act of 1965 (hereinafter in this explanation referred to as the "Act") by adding a new subsection (f).

Subsection (f)(1) authorizes the Chairman of the National Endowment for the Humanities (hereinafter in this explanation referred to as the "Chairman"), with the advice of the National Council on the Humanities, to establish grant-in-aid programs in the several States in order to support not more than 50 percent of the cost of existing activities meeting the standards established by section 7(c) of the Act. Such grant-in-aid programs also may assist in the development of programs in the humanities in a manner which furnishes adequate humanities programs in each of the several States.

Subsection (f)(2) provides that any person or entity desiring to receive assistance in any fiscal year shall submit an application to the Chairman. The application must be accompanied by a plan which (1) provides that funds paid to the grant recipient will be used exclusively for programs which carry out the objectives of section 7(c) of the Act; (2) establishes a membership policy designed to assure broad public representation regarding programs administered by the grant recipient; (3) provides a nomination process which assures an opportunity for nomination to membership from various groups within the State involved; (4) provides for the rotation of the membership and officers of any executive body of the grant recipient; (5) establishes reporting procedures which inform the chief executive officers of the State involved, and other appropriate officers and agencies, regarding the activities of the grant recipient; (6) establishes procedures assuring public access to information relating to the activities of the grant recipient; (7) provides that the grant recipient will transmit reports to the Chairman; and (8) provides that 2 members of the executive body of the grant recipient shall be appointed by an appropriate officer or agency of the State.

Subsection (f)(3) provides that each grant recipient which has a plan approved by the Chairman shall be allotted at least $200,000 out...