

An hourglass-shaped graphic with a globe inside. The top bulb is dark blue, and the bottom bulb is light blue. The globe is a darker shade of blue. The hourglass is centered on the page.

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*Arts, Humanities, and Museum Services: Background,
Funding, and Issues*

Susan Boren, Domestic Social Policy Division

November 15, 2006

Abstract. This report summarizes federal financial support for the arts, humanities, and museums, provided through the National Foundation on the Arts and the Humanities. It provides background information, funding information, and explores some issues involving selected arts and humanities-related programs, including the National Endowment for the Arts (NEA), the National Endowment for the Humanities (NEH), and the Office of Museum Services within the Institute of Museum and Library Services (IMLS). Funding information is also provided for the Smithsonian and some selected additional programs, including the Arts in Education program.

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Arts, Humanities, and Museum Services: Background, Funding, and Issues

November 15, 2006

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Arts, Humanities, and Museum Services: Background, Funding, and Issues

Summary

Federal funding for arts and humanities programs is provided through annual discretionary appropriations. The majority of the federally funded arts and humanities programs are contained in the Department of the Interior, Environment, and Related Agencies appropriations bill. The Interior appropriations provide funding for the National Foundation on the Arts and the Humanities, including the National Endowment for the Arts (NEA) and the National Endowment for the Humanities (NEH). The Office of Museum Services, within the Institute of Museum and Library Services (IMLS), is now under the jurisdiction of the Labor, Health and Human Services, and Education, and Related Agencies (Labor-HHS-ED) appropriations.

The FY2006 final Interior appropriations law (P.L. 109-54) provided \$124.4 million for NEA and \$140.9 million for NEH. The Bush Administration's FY2007 budget would provide \$124.4 million for the NEA and \$140.9 million for NEH. For FY2007, the House-passed Interior appropriations bill would provide \$129.4 million for NEA and \$145.9 million for NEH, whereas the Senate Appropriations Committee-reported Interior Appropriations bill would provide \$126.0 million for NEA and \$140.9 million for NEH.

For FY2006, the Office of Museum Services (OMS) in IMLS received \$35.7 million. The FY2007 budget request for the OMS was for \$41.4 million. The FY2007 House Appropriations Committee-reported Labor, Health and Human Services, and Education, and Related Agencies Appropriations bill would provide \$39.9 million for the OMS, and the Senate Appropriations Committee-reported bill would provide \$35.8 million. The Department of Defense Appropriations Act, 2007 (P.L.109-289), contained a Continuing Resolution for the funding of programs including NEA, NEH, and IMLS through November 17, 2006, at the lower of FY2006 or House-passed FY2007 levels.

Several related issues reappear with each Congress. A major one is what the federal role should be in funding the arts, humanities, and museum services. Another issue is whether or not to reauthorize the statute for the NEA and NEH, since it has remained unauthorized since the end of FY1993, and has been carried through and sustained by annual appropriations acts. In addition, with regard to NEA, NEH, and OMS, a major issue is how to address accountability criteria, and how much oversight responsibility should and does Congress exercise in dealing with these three agencies. And finally, should there be a true endowment that combines the NEA and NEH, or is it feasible now to combine two endowments into one? These are just a few selected issues likely to be addressed in Congress. This report will be updated as legislative activity occurs.

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Arts, Humanities, and Museum Services: Background, Funding, and Issues

Introduction

This report summarizes federal financial support for the arts, humanities, and museums, provided through the National Foundation on the Arts and the Humanities. It provides background information, funding information, and explores some issues involving selected arts and humanities-related programs, including the National Endowment for the Arts (NEA), the National Endowment for the Humanities (NEH), and the Office of Museum Services within the Institute of Museum and Library Services (IMLS). Funding information is also provided for the Smithsonian and some selected additional programs, including the Arts in Education program. (See **Table 1.**)

Recent Developments

The Bush Administration's FY2007 budget would provide \$124.0 million for the NEA and \$140.9 million for NEH. For FY2007, the House-passed Interior appropriations bill would provide \$129.0 million for NEA and \$145.9 million for NEH, whereas the Senate Committee-reported bill would provide \$126.0 million for NEA and \$140.9 million for NEH.

The FY2007 budget for the Office of Museum Services (OMS) in IMLS was \$41.4 million, and the FY2007 House Appropriations Committee-reported Labor, Health and Human Services, and Education, and Related Agencies appropriations (L-HHS-ED) bill would provide \$39.9 million for the OMS; the Senate Appropriations Committee-reported bill would provide \$35.8 million. In previous years, there were congressional earmarks for IMLS that ranged from \$11.7 million in FY2000 to a total of \$39.9 million in FY2005. There were no IMLS earmarks in FY2006. For FY2007, IMLS's congressionally directed grants would total \$18.2 million in the House Appropriations Committee-reported bill and \$10.1 million in the Senate Appropriations Committee-reported bill.

The Department of Defense Appropriations Act, 2007 (P.L.109-289), contained a Continuing Resolution for funding programs including NEA, NEH, and IMLS through November 17, 2006, at the lower of FY2006 or House-passed FY2007 levels.

Background

The majority of federally funded arts and humanities programs are contained in the Department of Interior, Environment, and Related Agencies appropriations bill. The Interior appropriations laws provide funding for the National Foundation on the Arts and the Humanities, including the National Endowment for the Arts (NEA) and the National Endowment for the Humanities (NEH). The Office of Museum Services, within the Institute of Museum and Library Services, is now under the jurisdiction of the Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act.

Of the estimated 200-plus arts and humanities programs scattered throughout federal agencies, the majority of arts and humanities funding is provided through the Department of the Interior appropriations.¹ President Bush's FY2007 budget request (\$2.74 trillion in estimated budget authority) includes far less than 1% for arts and humanities-related spending. The NEA and the NEH, when combined, specifically constitute an estimated 0.01% of the FY2007 budget.² The Department of the Interior, Environment, and Related Agencies Appropriations for FY2006 (P.L. 109-54) (including rescissions) provided a total of \$124.4 million for NEA and \$140.9 million for NEH, representing approximately 0.01% of total estimated budget authority (\$2.76 trillion) in FY2006.

Arts, Humanities, and Museum Services Programs

Three of the major arts programs funded by the federal government include the NEA, the NEH, and the Office of Museum Services within the Institute of Museum and Library Services (OMS/IMLS). NEA provides direct grants to art institutions, grants for programs of national significance, and a limited number of individual grants for Literature fellowships, Jazz masters, and National Heritage Fellowships in the folk and traditional arts. NEA has awarded approximately 120,000 grants for 50 states and six U.S. jurisdictions since 1965. State arts agencies, in compliance with the congressional mandate, are now receiving more than 40% of NEA grant-making funds. In addition to providing state arts grants, NEA administers the Challenge America Arts fund.³

¹ The federal government also provides support for the arts through tax expenditures, such as the deduction for charitable contributions to the arts, humanities, and culture that reduces tax liability on income tax and on gift and estate taxes.

² An estimate of the FY2007 total budget authority (\$2.74 trillion) would include less than 0.1% of the total budget authority for arts and humanities-related spending. This figure is calculated based on programs in the FY2007 budget, and using the *Catalog of Federal Domestic Assistance* (<http://www.cfda.gov>) designations for arts and humanities programs. (For estimated total U.S. budget authority, see U.S. Budget, *Historical Tables, FY2007*, Table 5.1.)

³ The Challenge America Arts fund is a program of matching grants for arts education, outreach, and community arts activities for rural and under served areas. Because the NEA
(continued...)

NEH supports grants for humanities education, research, preservation, public humanities programs, and grants under the jurisdiction of 56 state humanities councils, and has initiated a “We the People” program. NEH also supports a Challenge grant program to stimulate and match private donations in support of humanities institutions. Since its creation, NEH has provided approximately 61,000 grants to all states. NEH is celebrating its 40th anniversary as a fully operational public agency.

Within IMLS, the OMS supports general operations grants for museums, museum leadership grants, museum conservation grants, and museum assessment.⁴ In the past 25 years, the IMLS’s Office of Museum Services has awarded approximately 44,000 grants totaling over \$400 million, aiding approximately 17,500 museums of all types. Funding for Museum Services through the Institute of Museum Services (IMS) was originally authorized by P.L. 94-462 in 1976 and came under the umbrella of the National Foundation on the Arts and the Humanities, which also includes NEA and NEH. In later legislation, P.L. 104-208, The Museum and Library Services Act, part of the Omnibus Appropriations Act for FY1997 combined Library Services with Museum Services. However, each part maintained a separate office under IMLS so that there was an Office of Museum Services as well as an Office of Library Services.

OMS is now under the jurisdiction of the Labor, Health and Human Services, and Education and Related Agencies (L-HHS-ED) appropriations instead of Interior and Related Agencies appropriations. The rationale for this transfer was that the Office of Library Services, the larger of the two components of IMLS, was already under L-HHS-ED appropriations, and having a single funding stream appeared to be simpler.

The last reauthorization for IMLS occurred in 2003. See **Appendix A** in this report for further discussion of the reauthorization.

³ (...continued)

administers the Challenge America Arts fund, it is required to submit a detailed report to the House and Senate Appropriations Committees describing the use of funds for the Challenge America fund program.

⁴ The IMLS and the Office of Museum Services have been reauthorized through FY2009 by P.L. 108-81, the Museum and Library Services Act.

Trends in Funding

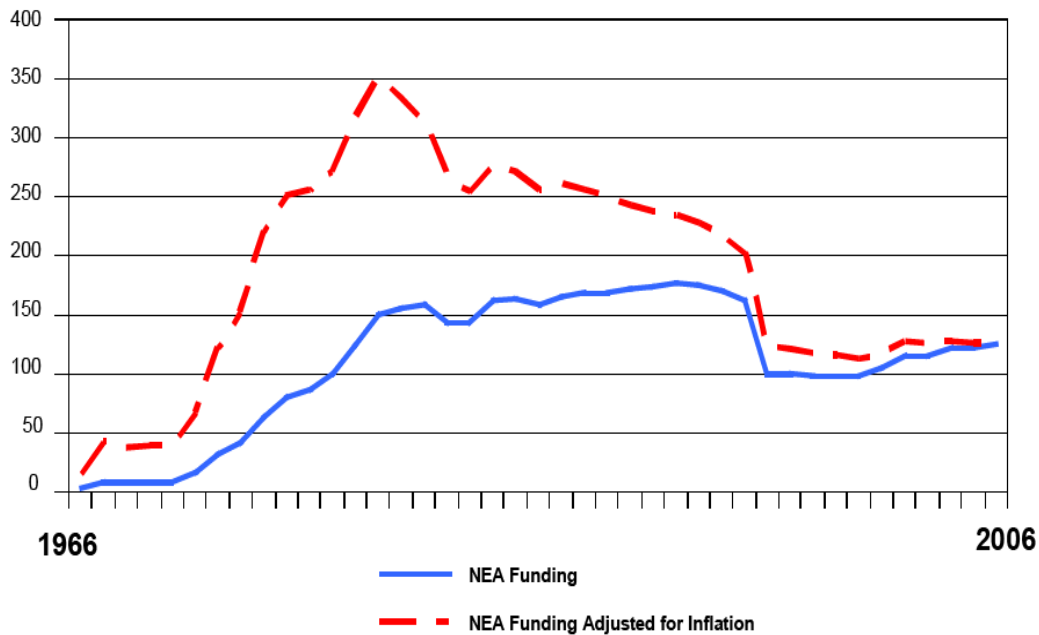
NEA and NEH

The first fiscal year of appropriations for NEA and NEH was FY1966. The funding trends are shown below in Figures 1 and 2. **Figure 1** shows NEA funding as it began in FY1966 with \$2.9 million in program appropriations (including ½ of the amount for administration (½ of \$727,000) shared with NEH.) Then, beginning in FY1978, the NEA received appropriations separate from NEH for administration.

In current dollars, appropriations for NEA reached an all-time high in FY1992. This was followed by a dramatic drop in FY1996. Figure 1 shows the shifts in NEA funding for Fiscal Year 1966 through FY2006. Figure 1 also presents inflation adjusted funding for NEA using FY2006 constant dollars. Inflation adjusted appropriations for NEA increased steadily and peaked in FY1979, but dropped dramatically in FY1996.⁵

Figure 1. NEA Appropriations, FY1966-FY2006

(\$ in millions)



Source: Excerpted from House Appropriations Committees tables. See **Appendix B** for annual dollar amounts.

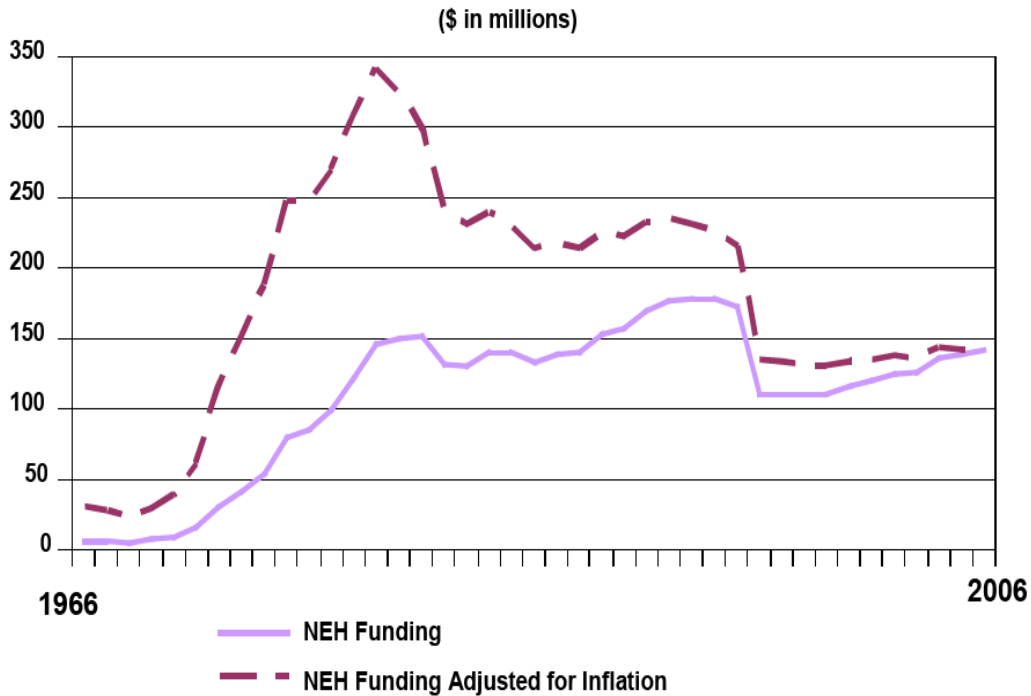
Note: Inflation is calculated based on the GDP deflator as indicated in the OMB FY2007 Historical Tables, Table 10.1, using FY2006 dollars.

⁵ See **Appendix B** in this report for the annual dollar amounts that are represented in Figure 1.

For **NEH**, appropriations reached a high point in FY1994, declined dramatically in FY1996, but began a steady increase from FY2000 to FY2006.⁶

Adjusting for inflation, using FY2006 constant dollars, NEH appropriations increased steadily from FY1966, reached a high point in FY1979, and decreased dramatically in FY1996. (See **Figure 2**, below.)

Figure 2. NEH Appropriations, FY1966-FY2006



Source: Excerpted from House Appropriations Committees tables. See **Appendix C** for annual dollar amounts.

Note: Inflation is calculated based on the GDP deflator as indicated in the OMB FY2007 Historical Tables, Table 10.1, using FY2006 dollars.

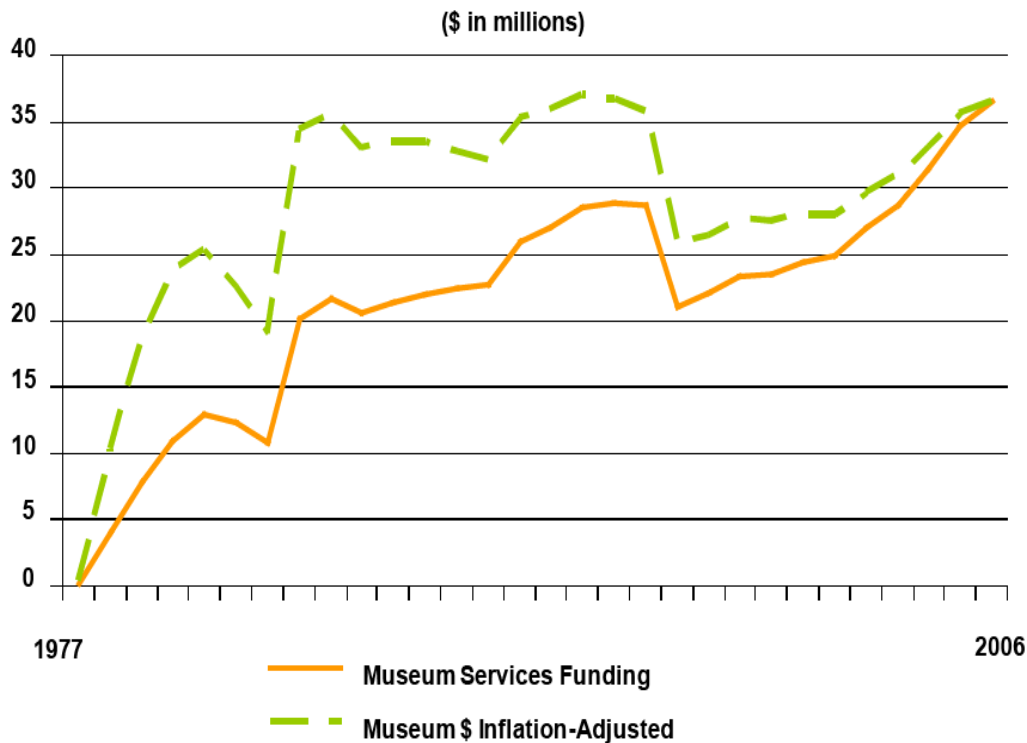
⁶ See **Appendix C** in this report for the annual dollar amounts represented in **Figure 2**.

Office of Museum Services OMS/IMLS

Funding for Museum Services through the Institute of Museum Services (IMS) was originally authorized by P.L. 94-462 in 1976. Appropriations for the IMS provided \$100,000 to begin the program. Museum Services funding steadily increased to \$28.8 million in FY1994, decreased slightly in FY1996, but increased to \$36.5 million in FY2006.⁷

In constant FY2006 dollars, appropriations increased from FY1977, reached a high point in FY1993, then declined significantly in FY1996, with slight increases from FY2000 through FY2006. (See **Figure 3**, below.)

Figure 3. Museum Services Appropriations, FY1977-FY2006



Source: Excerpted from House Appropriations Committee tables. See **Appendix D** for annual dollar amounts.

Note: These totals do not include Congressional earmarks for specific projects for both Libraries and Museums under IMLS. For FY2000 the IMLS earmarks totaled \$11.7 million; they equaled \$39.9 million by FY2005. There were no earmarks in the FY2006 Labor-HHS-ED Appropriations Act for IMLS. For FY2006 the total for OMS includes funding for the Museum grants for the Museum of African American History and Culture (\$842,000). Inflation is calculated based on the GDP deflator as indicated in the OMB FY2007 Historical Tables, Table 10.1, using FY2006 dollars.

⁷ See **Appendix D** in this report for the annual dollar amounts represented in **Figure 3**.

FY2005 Funding

For final FY2005 funding, the Consolidated Appropriations Act, 2005 (P.L. 108-447) provided \$121.3 million for NEA and \$138.05 million for NEH. The conference added \$2 million to NEA's funding for the "American Masterpieces" program. The FY2005 Consolidated Appropriations Act provided \$34.7 million for OMS within IMLS, \$39.9 million for "Congressionally directed grants" and \$205.9 million for Library programs for a total of \$280.6 million for IMLS. This included \$16.9 million for the "Museums for America" program, to "build the capacity of museums to serve communities through technology and education." P.L. 108-447 also provided \$35.6 million for the Arts in Education program.

FY2006 Funding

After a series of hearings, the House Subcommittee on Interior, Environment, and Related Agencies Appropriations marked up the Interior Appropriations bill on May 4, 2005. The full House Appropriations Committee met on May 10, 2005, and reported H.R. 2361 (H.Rept. 109-80, May 13, 2005), providing \$121.3 million for the NEA and \$138.05 million for NEH. On May 19, 2005 the House passed the Interior, Environment and Related Agencies appropriations bill, H.R. 2361, by a vote of 329 to 89. The House-passed bill would have provided \$131.3 million for NEA, \$10.0 million above the Administration's FY2006 request and the FY2005 Appropriation. (See **Table 1** below for additional arts-related appropriations.) A House floor amendment by Representative Slaughter was approved that increased NEA's appropriation by \$10.0 million and the NEH by \$5.0 million with offsets totaling \$15.0 million from the National Forest system and the Department of the Interior's Departmental Management activities. Under the House passed bill, NEA's Challenge America program was increased to \$24.9 million funded under NEA grants and state partnerships.

Other House floor amendments that were not agreed to would have reduced funding for the NEA. One sought to cut \$15.0 million from NEA to provide \$4.8 million for the Payment in Lieu of Taxes program. Another proposed cutting \$30.0 million from the NEA to shift \$27.5 million to the Forest Service's Wildland Fire Management program. On June 10, the Senate Appropriations Committee reported its version of H.R. 2361 (S.Rept. 109-80), and on June 29 the Senate passed H.R. 2361, providing \$126.3 million for NEA and \$143.05 million for NEH for FY2006. The Senate passed H.R. 2361 on June 29, 2005. The Senate Committee version and the Senate bill included \$5 million in general increases to NEA and NEH. On August 2, 2005, the FY2006 Interior, Environment, and Related Agencies appropriations bill (H.R. 2361) was signed into law as P.L. 109-54, providing \$124.4 million for NEA and \$140.95 million for NEH.

The House considered and passed H.R. 3010, the L-HHS-ED appropriations for FY2006, providing no funding for Arts in Education and \$249.6 million for the IMLS. The FY2006 Senate-reported figure for Arts in Education was \$35.7 million, and for IMLS was \$290.1 million total, with \$37.4 million for OMS. P.L. 109-149, the Labor, HHS, and ED Appropriations Act, provided \$36,547,000 for the Office of Museum Services, including \$842,000 for the Museum grants for African

American History and Culture, and \$911,000 for Native American/Hawaiian Museum Services.⁸ It also provided \$35,277,000 for Arts in Education.

FY2007 Budget Request

The Bush Administration's FY2007 budget proposes \$124.4 million for NEA (including \$14.1 million for the Challenge America Arts Fund). In the NEA budget, NEA's direct grants would constitute an estimated \$44.9 million. The new national initiative called *American Masterpieces* is proposed to be funded at \$9.8 million, and includes touring programs, local presentations, and arts education programs in the fields of dance, visual arts, and music. For IMLS, the FY2007 budget proposes \$262.2 million, and of that amount the Office of Museum Services (which serves an estimated 17,500 museums) would receive \$41.4 million (it now includes funding for the African American Museum of History and Culture (\$1.5 million) and Native American/Hawaiian museum services (\$920,000)). For NEH, the FY2007 budget would provide \$140.95 million. NEH's FY2007 budget proposes \$15.2 million for the "We the People" initiative. These grants include model curriculum projects for schools to improve course offerings in the humanities — American history, culture, and civics. The FY2007 budget proposes \$54.9 million to support NEH's grant programs for education, research, preservation and access, and public programming in the humanities; and \$31.08 million for the federal state partnership program for the 56 state humanities councils; and \$14.9 million for the NEH Challenge Grants program and Treasury funds to stimulate private donations.

FY2007 Funding

NEA. The House-passed bill would provide \$129.4 million for NEA, an increase of \$5.0 million over the Senate Appropriations Committee-reported bill (\$124.4 million), the Administration's FY2007 budget, and the FY2006 appropriation. The FY2007 House-passed bill and the Senate Appropriations Committee-reported bill would provide \$44.9 million for direct grants and \$39.5 million for state partnerships. During House consideration, an amendment was adopted to add \$5.0 million for each of the NEA and NEH. Another House amendment that would have reduced the NEA by \$30.0 million and redirected most of that money to the wildland fire management budget of the Forest Service was not agreed to.

The House-passed bill, the Senate Appropriations Committee-reported bill, and the Administration's budget would allow \$14.1 million to be used for Challenge America grants. The Challenge America Arts Fund is a program of matching grants for arts education, outreach, and community arts activities for rural and under-served areas. These grants reach over 17,000 schools, many in remote areas. The House-passed bill, the Senate committee-reported bill and the Administration's budget included \$9.9 million for the American Masterpieces program. It is funded jointly under NEA grants and state partnerships. This national initiative includes

⁸ In previous years, there were congressional earmarks for IMLS that ranged from \$11.7 million in FY2000 to a total of \$39.9 million in FY2005. There were no IMLS earmarks in FY2006.

touring programs, local presentations, and arts education in the fields of dance, visual arts, and music. See **Table 1** in this report.

NEH. For NEH, for FY2007, the House-passed bill would provide \$146.0 million, \$5.0 million above the FY2007 Administration request, the Senate Appropriations Committee reported bill, and the FY2006 level. The House-passed bill and the Senate Committee reported bill would provide \$14.9 million for matching grants for both Treasury Funds and Challenge Grants. The House-passed bill would provide \$131.0 million for grants and administration while the Senate Committee-reported bill would provide \$126.0 million. The House included the extra \$5.0 million as a floor amendment. See **Table 1** in this report. The House-passed bill, the Senate Committee reported bill, and the FY2007 budget request would allow \$15.2 million for the “We the People” initiative. These grants include model curriculum projects for schools to improve course offerings in the humanities - American history, culture, and civics.

OMS/IMLS. For the Office of Museum Services (OMS) in IMLS the FY2007 House Labor-HHS and ED Committee-reported bill would provide \$39.9 million; the Senate Committee-reported bill would provide \$35.7 million for the OMS. In previous years, there were congressional earmarks for IMLS that ranged from \$11.7 million in FY2000 to a total of \$39.9 million in FY2005. There were no IMLS earmarks in FY2006. For FY2007, IMLS’ congressionally directed grants would total \$18.2 million in the House Committee-reported bill and \$10.1 million in the Senate Committee-reported bill.

Issues in the Arts, Humanities, and Museum Services

Several arts-related issues reappear with each Congress. One of the recurring issues is what the federal role should be in funding the arts, humanities, and museum services. In addition, another issue is whether or not to reauthorize the statute for the NEA and NEH, since it has for so long remained unauthorized and has been carried through and sustained by annual appropriations acts. In tandem with this issue, with regard to NEA, NEH and OMS, another issue is how to address accountability and how much oversight responsibility should and does Congress exercise in dealing with these three agencies. And finally, should there be a true endowment that combines the NEA and NEH or is it feasible at this time in the history of the two agencies, NEA and NEH, to combine two endowments into one? These are just a few selected issues that are likely to be addressed in Congress.

Federal Role in Funding for the Arts, Humanities, and Museum Services

Among the questions Congress perennially considers is whether funding for the arts, humanities and museum services is an appropriate federal role and responsibility. The current climate of budget constraints and lean budget allocations for appropriations subcommittees and committees raises questions about the need for such support. Some argue that NEA, NEH and OMS/IMLS should be abolished

altogether, contending that the federal government should not be in the business of supporting culture. They also argue that culture can and does flourish on its own through private support.⁹ Proponents of federal support for the arts, humanities, and museums argue that the federal government has a long tradition of such support, beginning with congressional appropriations for works of art to adorn the U.S. Capitol in 1817. Some argue that abolishing or significantly reducing funding for NEA, NEH and IMLS will curtail or eliminate the programs that have national purposes, such as touring theater and dance companies, radio and television shows, and nationwide programs such as Challenge America Arts grants (NEA), Museums for America (OMS), and the “We the People” initiative (NEH).

Reauthorization for the NEA and NEH

One of the primary vehicles for federal support for the arts, humanities, and museums is the National Foundation on the Arts and the Humanities Act (NFAHA) (P.L. 89-209, as amended). Congress has made several attempts to reauthorize this statute, which provides authority for NEA and NEH and previously provided authority for Museum Services under the IMS, Institute of Museum Services. The last reauthorization for the National Foundation on the Arts and Humanities Act of 1965 took place in 1990 (the Arts, Humanities, and Museums Amendment of 1990, P.L. 101-512) and expired in FY1993. The authority for NEA and NEH has been carried through appropriations language since that time.

The 104th Congress considered but did not enact legislation to reauthorize the NEA and NEH under the National Foundation on the Arts and the Humanities Act. However, a newly created Institute of Museum and Library Services (IMLS) with an Office of Museum Services (OMS) was authorized through the Omnibus Consolidated Appropriations Act of 1997, P.L. 104-208, merging the previous Institute of Museum Services with Library Services programs. (See **Appendix A** of this report for the most recent Museum and Library Services Amendments.)

In the 105th Congress, the Senate Labor and Human Resources Committee reported S. 1020, a bill to reauthorize the NFAHA. There was no further action in part because of lingering controversy over a small number of questionable NEA grants in the past. At the time of House passage of the FY1997 Interior appropriations bill, the House, in an informal agreement, assumed that NEA would be terminated in two years and NEH in three years. In contrast, the Senate

⁹ **Giving USA**, a publication by the American Association of Fundraising Counsel (AAFRC) Trust for Philanthropy, provides an annual report on philanthropy. According to *Giving USA 2006*, private giving to organizations in the arts, culture, and humanities category totaled \$13.51 billion in 2005. This represents 5.2% of total estimated giving (\$260.28 billion) in 2005. This includes \$38.0 million in disaster relief for museums in support from “Architecture for Humanities” and other rebuilding efforts focused in the arts. In current dollars, private giving to the arts, culture and humanities reflects a decrease of 3.4% (or -6.6% taking into account inflation). One of the largest gifts reported in 2005 was for an estimated \$400 million from Marguerite and Robert Hoffman, Cindy and Howard Rachofsky, and Deedie and Rusty Rose to the Dallas Museum of Art.

Appropriations Committee expressed continued support for NEA and NEH and helped to maintain their funding, providing \$99.5 million for NEA, \$110 million for NEH, and \$22 million for Museum Services.

Congress chose to focus on arts education instead of a reauthorization for NEA and NEH. Emphasis on arts education seemed to many a safer choice at the time due to NEA controversies. As a result, the language placed in the FY1998 Interior appropriations strengthened support for arts education. In response to NEA controversy, Congress enacted NEA reform measures in the FY1998 Interior Appropriations Act (P.L. 105-83). However, once again there was no formal reauthorization. The reform measures were part of the funding bill. Among the NEA reforms was an increase in the funding allocation to states from 35% to 40% for basic state arts grants and for grants to under served populations. The legislation placed a 15% cap on NEA funds allocated to each state, exempting only those grants with national impact. Three members of the House and three members of the Senate were added to the National Council on the Arts, but the size of the National Council was reduced from 26 to 20. Both NEA and NEH were given specific authority to solicit funding and to invest those funds. Interior appropriations bills in the 106th to the 109th Congress have repeated many of the same NEA reforms, without enacting a formal reauthorization.

Accountability for NEA, NEH, and Museum Services

Congress has oversight responsibility of NEA, NEH and Museum Services and has the task of keeping these agencies accountable for the federal support they receive. As mentioned above, through the years, there have been controversies for Congress to confront including questionable grants given primarily by NEA. Ironically, one of the NEA grants given back in time (1989-90) was not a direct grant but a sub-grant through a state organization for artwork that was labeled sacrilegious by some. Consequently, NEA anticipated the congressional reaction and disallowed subgrants, disallowed broad grants for a theater's season of performances, and eliminated grants to individuals by arts discipline, except to maintain Literature fellowships, Jazz Masters and National Heritage fellowships in the Folk and Traditional Arts fields.

A few controversial grants through the years have called into question whether or not Congress has been successful as a watchdog for taxpayers' money. As a consequence, Congress has been enacting annually in appropriations law the NEA reform measures as mentioned in the reauthorization issue discussion above and these are now part of the appropriations laws and are already accepted as NEA's official guidelines.

One of the most controversial NEA cases was that of performance artist Karen Finley. On November 5, 1996, a federal appeals court upheld an earlier decision *NEA v. Finley*, ruling that applying the "general standards of decency" clause to NEA grants was "unconstitutional." On June 25, 1998, the Supreme Court reversed the federal appeals court decision for *NEA v. Finley* (CA9,100F.3d.671) by a vote of 8

to 1 stating that the NEA “can consider general standards of decency”¹⁰ when judging grants for artistic merit, and the decency provision does not “inherently interfere with First Amendment rights nor violate constitutional vagueness principles.” To date, *no* NEA projects have been judged obscene by the courts.

As reported in budget justifications to Congress, all three agencies appear to have avoided controversy since the 1990s. The “We the People” program of NEH has funded 725 projects including such projects as support for collected editions of the papers of Ben Franklin, the First Federal Congress, television documentaries on Andrew Jackson, and public programs on Alexander Hamilton at 40 community libraries. In FY2005, 100% of the Congressional districts were awarded direct grants from NEA, showing wide geographical distribution of grants in all of the states. Eleven million middle and high school students were provided arts education toolkits as part of the NEA’s Shakespeare in American Communities initiative. For the Office of Museum Services, a program called “A Nation of Learners” has supported between 800 and 1,000 projects serving America’s youth.

Feasibility of a Combined Endowment for the Arts and the Humanities

During initial passage of the National Foundation on the Arts and the Humanities Act, in 1965, there were proposals by several Members of Congress including Senator Gruening and Senator Pell that would have established a single endowment for the arts and the humanities. However, subsequent legislation treated the arts and the humanities as two separate entities. Until FY1977, the NEH and NEA did share an appropriation for administration. Although there was very little published background information discussing the concept of a single endowment for the arts and humanities, there was testimony by Barnaby Keeney, then Chairman of the Commission on the Humanities who remarked that the arts and the humanities should be combined... “The humanities and the arts must be considered together... I believe strongly that the two are inseparable.”¹¹

The proposals in the 89th Congress which would have combined the arts and the humanities under one endowment were rejected. The rationale was not outlined in either the House or Senate reports or in debate, but the recommendations of the National Council on the Arts and Government strongly favored two separate but interrelated independent agencies.

In the upcoming session of Congress, legislation may be considered to combine the two endowments (NEA and NEH) into one. Part of the rationale is that duplication may exist in the two endowments — in giving grants to museums, for

¹⁰ The language used came from the *Miller v. California* case (413 U.S. 15 (1973)). It provides that grant deliberations “must take into account consideration of general standards of decency and respect for the diverse beliefs and values of the America public.”

¹¹ National Arts and Humanities Foundations, hearings before the Special Subcommittee on Arts and Humanities, Senate Committee on Labor and Public Welfare, February 24, 25, 26, March 4, 5, 1965, p. 224.

example. Both give grants to museums. However, proponents for separate entities argue that the two endowments provide funding for different purposes. Also, now that they have their own separate clientele and support base for funding, some say, it's best to keep them separate to support either arts-related or humanities-related projects. Others state that having a combined endowment with one funding stream for administration might save money, particularly in this time of severely limited budget allocations. Proponents for separate endowments feel that changing the administration and program structure now could cause substantial chaos through reorganization.

Table 1. FY2002-FY2007 Appropriations for Selected Arts and Humanities Programs
(\$ in thousands)

	FY2002 approp.	FY2003 approp.	FY2004 approp.	FY2005 approp.	FY2006 approp.	FY2007 budget request	FY2007 House Passed	FY2007 Senate Comm.
National Endowment for the Arts (NEA)	\$115,234	\$115,732	\$120,972	\$121,264	\$124,406	\$124,412	\$129,412	\$124,412
National Endowment for the Humanities (NEH)	124,504	124,936	135,310	138,054	140,949	140,955	145,955	140,955
Smithsonian	518,860	544,875	596,279	615,158	615,097	644,394	624,094	644,394
Kennedy Center	38,310	33,690	32,159	33,021	30,347	38,709	38,709	36,709
National Gallery of Art	85,335	92,842	98,225	102,654	111,141	116,743	116,743	116,743
Commission of Fine Arts	1,224	1,216	1,405	1,768	1,865	1,951	1,951	1,951
Institute of American Indian, and Alaska Native Culture and Arts Development	4,490	5,454	6,173	5,916	6,207	6,703	6,703	6,703
Holocaust Memorial Council	36,028	38,412	39,505	40,858	42,150	43,786	43,415	43,786
Arts in Education	30,000	33,779	35,071	35,633	35,277	0	0	36,500
Office of Museum Services, OMS/IMLS	26,899	28,637	31,403	34,724	36,547	39,885	39,885	35,764

Source: Table 1 is derived from the House Appropriations Committee's tables for both the Department of the Interior, Environment, and Related Agencies Appropriations and the Department of Labor, Health and Human Services, and Education, and Related Agencies Appropriations.

Appendix A. Reauthorization of the Institute of Museum and Library Services (IMLS)

The legislation authorizing the IMLS expired at the end of FY2002. However, funding was carried through appropriations law until enactment of P.L. 108-81. H.R. 13, the Museum and Library Services Act of 2003, which authorizes funding for IMLS through FY2009, was signed into law on September 24, 2003 as P.L. 108-81.¹² Some selected legislative provisions affecting the OMS are as follows:

- P.L. 108-81 includes an “obscenity clause” requiring the IMLS Director to establish procedures to prohibit funding to any project that has been “determined to be obscene” in the judgment of the courts, and require the Director in making grants to “take into account consideration of general standards of decency and respect for the diverse beliefs and values of the American public.” The law used the definition of obscenity that was formulated by the United States Supreme Court in *Miller v. California* [413 U.S. 15 (1973)], and this language was carried through Interior appropriations as amendments to the NEA statute (National Foundation on the Arts and the Humanities Act, as amended [20 U.S.C. §954(d)].¹³ The law required that the IMLS Director carry out and publish analyses of the “impact” of museum and library services.
- P.L. 108-81 clarifies and expands the definition of “museum” to include aquariums, arboretums, botanical gardens, art museums, children’s museums, general museums, historic houses and sites, nature centers, history museums, natural history and anthropology museums, planetariums, science and technology centers, specialized museums, and zoos.
- P.L.108-81 revises the museum subsection on “purposes” to restate the importance of museums’ public service role of connecting the whole of society to our cultural heritage; reemphasize the educational role of museums through leadership and innovative technologies; create the highest standards of management and services for museum operations; support resource sharing and partnerships among museums, libraries, schools, and other community organizations.

¹² H.R. 13, the Museum and Library Services Act of 2003, which authorized funding for IMLS through FY2009 (Hoekstra, Jan. 7, 2003) was reported by the House Committee on Education and the Workforce on Feb. 25, 2003 (H. Rept.108-16) and was passed by the House on Mar. 6, 2003 (416-2 (Roll call no. 47)). A comparable bill, S. 888 (Gregg, Apr. 11, 2003) was reported by the Senate Committee on Health, Education, Labor and Pensions on May 14, 2003 (S. Rept.108-83). The Senate passed H.R. 13 as amended, in lieu of S. 888, on Aug. 1, 2003. H.R. 13 was signed into law on Sept. 25, 2003 as P.L. 108-81.

¹³ See CRS Report RS21509, *Museum and Library Services Act of 2003: Using “Obscenity” and “Decency” Criteria in Selecting Grantees*, by Andrew W. Murnane.

- P.L. 108-81 authorizes the Office of Museum Services Director to enter into contracts and cooperative agreements to help pay the federal share (50% share, with an exception that by arrangement, 20% of the funds may be used to pay above a 50% share for museum services) for a broader range of museum activities, including learning partnerships and collaborations among museums, libraries, schools, and other community organizations; new technologies to enhance access to museums; and specialized programs for underserved areas.
- P.L. 108-81 authorizes appropriations for the Office of Museum Services at \$38.6 million for FY2004 and “such sums” as may be necessary for FY2005-FY2009.

P.L. 108-81 also included amendments to the National Commission on Libraries and Information Science Act and the Arts and Artifacts Indemnity Act to raise liability limits to \$8 billion. For those aspects of P.L. 108-81 related to libraries, see CRS Report RL31320, *Federal Aid to Libraries in the Museum and Library Services Act of 2003*, by Gail McCallion.

Appendix B. NEA Appropriations, FY1966-FY2006 (in current and constant dollars)

Fiscal Year	NEA Appropriations in Current Dollars	NEA Appropriations in Constant FY2006 Dollars (rounded)
1966	\$2,898,000	\$14,500,000
1967	8,476,000	41,100,000
1968	7,774,000	36,400,000
1969	8,457,000	37,900,000
1970	9,055,000	38,400,000
1971	16,420,000	66,400,000
1972	31,480,000	121,500,000
1973	40,857,000	151,000,000
1974	64,025,000	220,800,000
1975	80,142,000	250,400,000
1976	87,455,000	254,800,000
Transition Quarter (fiscal year changed from July 1 to October 1)	35,301,000	102,800,000
1977	99,872,000	270,700,000
1978	123,850,000	314,600,000
1979	149,585,000	351,600,000
1980	154,610,000	334,100,000
1981	158,795,000	312,500,000
1982	143,456,000	264,300,000
1983	143,875,000	253,800,000
1984	162,223,000	276,000,000
1985	163,660,000	269,700,000
1986	158,537,000	255,300,000
1987	165,281,000	259,400,000
1988	167,731,000	255,200,000
1989	169,090,000	247,700,000
1990	171,255,000	241,900,000
1991	174,081,000	237,000,000
1992	175,955,000	233,600,000
1993	174,460,000	226,500,000
1994	170,229,000	216,400,000
1995	162,311,000	202,000,000
1996	99,494,000	121,500,000
1997	99,494,000	119,400,000
1998	98,000,000	116,200,000
1999	98,000,000	114,700,000

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2000	97,628,000	112,000,000
2001	104,769,000	117,500,000
2002	115,234,000	126,700,000
2003	115,732,000	124,800,000
2004	120,972,000	127,400,000
2005	121,264,000	124,300,000
2006	124,406,000	124,400,000

Source: Appropriations are from NEA Annual Reports and from the House Appropriations Committee's tables.

Note: From FY1966 to FY1978 the appropriation for administration was shared with NEH. NEA, in its calculation of the final appropriation, has added to NEA's appropriation half of the total appropriation for administration. These numbers have been rounded.

Inflation is calculated based on the GDP deflator as indicated in the OMB FY2007 Historical Tables, Table 10.1, using FY2006 dollars.

Appendix C. NEH Appropriations, FY1966-FY2006 (in current and constant dollars)

Fiscal Year	NEH Appropriations in Current Dollars	NEH Appropriations in Constant FY2006 Dollars (rounded)
1966	\$5,900,000	\$29,500,000
1967	5,500,000	26,700,000
1968	4,600,000	21,500,000
1969	6,400,000	28,700,000
1970	8,900,000	37,800,000
1971	14,900,000	60,200,000
1972	29,700,000	114,700,000
1973	40,700,000	150,500,000
1974	54,300,000	187,300,000
1975	79,100,000	247,100,000
1976	85,000,000	247,700,000
Transition Quarter (fiscal year changed from July 1 to October 1)	22,600,000	65,800,000
1977	99,400,000	269,400,000
1978	121,000,000	307,300,000
1979	145,200,000	341,300,000
1980	150,100,000	324,400,000
1981	151,300,000	297,800,000
1982	130,600,000	240,600,000
1983	130,247,000	229,800,000
1984	140,118,000	238,400,000
1985	139,478,000	229,800,000
1986	132,679,000	213,700,000
1987	138,890,000	218,000,000
1988	140,435,000	213,700,000
1989	153,000,000	224,100,000
1990	156,910,000	221,600,000
1991	170,002,000	231,400,000
1992	175,955,000	233,600,000
1993	177,413,000	230,300,000
1994	177,491,000	225,600,000
1995	172,044,000	214,200,000
1996	110,000,000	134,300,000
1997	110,000,000	132,000,000
1998	110,700,000	131,300,000
1999	110,700,000	129,600,000

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2000	115,260,000	132,300,000
2001	119,994,000	134,500,000
2002	124,504,000	136,900,000
2003	124,936,000	134,800,000
2004	135,310,000	142,500,000
2005	138,054,000	141,600,000
2006	140,949,000	140,900,000

Source: Appropriations are from NEH Annual Reports and from the House Appropriations Committee's tables.

Note: Inflation is calculated based on the GDP deflator as indicated in the OMB FY2007 Historical Tables, Table 10.1, using FY2006 dollars.

Appendix D. Institute of Museum Services/Office of Museum Services IMLS Appropriations, FY1977- FY2006 (in current and constant dollars)

Fiscal Year	IMS/OMS Appropriations in Current Dollars	IMS/OMS Appropriations in Constant FY2006 Dollars (rounded)
1977	\$100,000	\$271,000
1978	4,000,000	10,200,000
1979	7,852,000	18,500,000
1980	10,900,000	23,600,000
1981	12,857,000	25,300,000
1982	12,240,000	22,500,000
1983	10,800,000	19,100,000
1984	20,150,000	34,300,000
1985	21,560,000	35,500,000
1986	20,474,000	33,000,000
1987	21,250,000	33,300,000
1988	21,944,000	33,400,000
1989	22,270,000	32,600,000
1990	22,675,000	32,000,000
1991	25,863,000	35,200,000
1992	26,999,000	35,800,000
1993	28,454,000	36,900,000
1994	28,777,000	36,600,000
1995	28,715,000	35,700,000
1996	21,000,000	25,600,000
1997	22,000,000	26,400,000
1998	23,280,000	27,600,000
1999	23,405,000	27,400,000
2000	24,307,000	27,900,000
2001	24,852,000	27,900,000
2002	26,899,000	29,600,000
2003	28,637,000	30,900,000
2004	31,402,000	33,100,000
2005	34,724,000	35,600,000
2006	36,547,000	36,500,000

Source: Appropriations are from IMLS and from the House Appropriations Committee's tables.

Note: IMLS congressional earmarks add to the total for IMLS. For FY2000 to FY2006, the earmarks are as follows: in FY2000 — \$11,751,000; in FY2001 — \$39,251,000; in FY2002 — \$29,524,000; in FY2003 — \$35,156,000; in FY2004 — \$31,402,000; in FY2005 — \$39,889,000; and in FY2006 — \$0. Inflation is calculated based on the GDP deflator as indicated in the OMB FY2007 Historical Tables, Table 10.1, using FY2006 dollars.