

# CRS Report for Congress

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## Arts and Humanities: Background on Funding

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### Summary

Funding for the arts and humanities is a perennial issue in Congress. Although arts funding represents less than 1% of the Bush Administration's FY2006 total estimated budget authority, Congress continues to address the concern of whether federal funding is crucial to sustain arts institutions. The majority of federally funded arts and humanities programs are contained in the Department of Interior 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, is now under the jurisdiction of the Labor, Health and Human Services, and Education and Related Agencies appropriations. After a series of continuing resolutions, the final FY2005 Consolidated Appropriations Act (P.L. 108-447) provided \$121.3 million for the NEA, and \$138.05 million for the NEH. The FY2005 appropriation provided \$34.7 million for the Office of Museum programs within IMLS. The House-passed Interior and Related Agencies Appropriations bill for FY2006 (H.R. 2361) (H.Rept. 109-80) would provide \$131.3 million for NEA and \$143.05 million for NEH, both reflecting funding increases above the Bush Administration's FY2006 budget and the FY2005 enacted level.

### Background

Of the estimated 200+ arts and humanities programs scattered throughout federal agencies, it appears that the majority of arts and humanities funding is through the Department of Interior appropriations.<sup>1</sup> President Bush's FY2006 budget request (\$2.547 trillion in estimated budget authority, \$2.587 trillion in outlays) includes far less than 1% for arts and humanities-related spending. The NEA and the NEH combined specifically

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<sup>1</sup> 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 on income tax and on gift and estate taxes.

constitute an estimated 0.01% of the FY2006 budget.<sup>2</sup> The Department of Interior and Related Agencies Appropriations for FY2005 (P.L. 108-447) provided a total of \$121.3 million for NEA and \$138.05 million for NEH, representing approximately 0.01% of total estimated budget authority (\$2.47 trillion) in FY2005.

## Arts 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 over 40% of NEA grant-making funds. In addition to providing state arts grants, NEA administers the Challenge America Arts fund.<sup>3</sup> 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. Within IMLS, the OMS supports general operations grants for museums, museum leadership grants, museum conservation grants, and museum assessment.<sup>4</sup> In the past 25 years, the IMLS’s Office of Museum Services has awarded approximately 44,000 grants totaling over \$400 million, aiding approximately 15,000 museums of all types. OMS is now under the jurisdiction of the Labor, Health and Human Services, and Education and Related Agencies appropriations (L-HHS-ED) 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.

## 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,

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<sup>2</sup> An estimate of the FY2006 total budget authority (\$2.547 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 FY2006 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, FY2006*, Tables 3.1 and 5.1)

<sup>3</sup> 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 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.

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

\$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 Budget Request**

The Bush Administration’s FY2006 budget proposed \$121.3 million for NEA (including an additional \$14.9 million for the Challenge America Arts Fund). In the NEA budget, NEA’s direct grants would constitute an estimated \$45.1 million. The new national initiative called *American Masterpieces* was proposed to be funded at \$8.0 million and includes touring programs, local presentations, and arts education programs in the fields of dance, visual arts, and music. For IMLS, the FY2006 budget proposed \$262.2 million, and of that amount the Office of Museum Services (which serves an estimated 15,000 museums) would have received \$38.9 million. For NEH, the FY2006 budget would have provided \$138.05 million, the same as the FY2005 appropriation. NEH’s FY2006 budget proposed \$11.2 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 FY2006 budget proposed \$56.8 million to support NEH’s grant programs for education, research, preservation and access, and public programming in the humanities; and \$31.4 million for the federal state partnership program for the 56 state humanities councils; and \$15.4 million would have funded the NEH Challenge Grants program and Treasury funds to stimulate private donations.

## **FY2006 Appropriations**

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 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 provide \$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 Rep. 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 Department of 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.

## 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 authorized funding for IMLS through FY2009 was signed into law on September 24, 2003 as P.L. 108-81. The provisions for P.L. 108-81 included 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 vs. California* (413 U.S. 15 (1973)), and this language was carried through Interior appropriations and became amendments to the NEA statute (National Foundation on the Arts and the Humanities Act, as amended (20 U.S.C. §954(d)). (See CRS Report RS21509, *Museum and Library Services Act of 2003: Using “Obscenity” and “Decency” Criteria in Selecting Grantees.*) In addition to this provision, the law also clarified the definition of museum and revised the purposes section to restate the importance of museums’ public service role of connecting the whole of society to our cultural heritage. The law required that the IMLS director carry out and publish analyses of the “impact” of museum and library services.

P.L. 108-81 authorizes OMS at \$38.6 million for FY2004 and “such sums” as may be necessary for FY2005-FY2009. The public law 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: The Library Services and Technology Act.*

## Private Giving to the Arts and Humanities

*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 2004*, private giving to organizations in the arts, culture, and humanities category totaled \$13.11 billion in 2003. This represents 5.4% of total estimated giving (\$240.7 billion) in 2003. In current dollars, private giving to the arts, culture and humanities reflects an increase of 7.3% over 2002. One of the largest gifts reported in 2003 was for \$300 million, the value of the Meyerhoff art collection, which was transferred to the National Gallery of Art.

**Table 1. FY2002-FY2006 Appropriations for Selected Arts and Humanities Programs**

	<b>FY2002 approp.</b>	<b>FY2003 approp.</b>	<b>FY2004 approp.</b>	<b>FY2005 approp.</b>	<b>FY2006 budget request</b>	<b>FY2006 House- passed</b>
National Endowment for the Arts (NEA) (Grants, Admin.) <sup>a</sup>	\$98,234,000	\$115,732,000	\$120,972,000	\$121,264,000	\$121,264,000	\$131,264,000
Challenge America Arts Fund <sup>d</sup>	17,000,000	16,889,000	21,729,000	21,427,000	14,922,000	24,922,000
NEA total	115,234,000	115,732,000	120,972,000	121,264,000	121,264,000	131,264,000
National Endowment for the Humanities (NEH)	124,504,000	124,936,000	135,310,000	138,054,000	138,054,000	143,054,000
Office of Museum Services, IMLS	26,899,000	28,637,000	31,403,000	34,724,000 <sup>d</sup>	38,915,000	na
Institute of Museum and Library Services (IMLS) — total <sup>b</sup>	224,501,000	243,890,000	262,240,000	280,564,000 <sup>d</sup>	262,240,000	na
Smithsonian <sup>c</sup>	420,960,000 t518,860,000	446,096,000 t544,875,000	488,653,000 t596,279,000	489,035,000 t615,158,000	524,135,000 t615,035,000	524,381,000 t615,281,000
Kennedy Center	38,310,000	33,690,000	32,159,000	33,021,000	33,000,000	27,800,000
National Gallery of Art	85,335,000	92,842,000	98,225,000	102,653,000	113,300,000	113,300,000
Commission of Fine Arts	1,224,000	1,216,000	1,405,000	1,768,000	1,893,000	1,893,000
Institute of American Indian, and Alaska Native Culture and Arts Development	4,490,000	5,454,000	6,173,000	5,916,000	6,300,000	6,300,000
Holocaust Memorial Council	36,028,000	38,412,000	39,505,000	40,858,000	43,233,000	41,880,000
Arts in Education <sup>d</sup>	30,000,000	33,779,000	35,071,000	35,633,000	0	na

a. With the exception of the FY2002 number, the NEA Grants and Administration total now includes the Challenge America Arts Fund.

b. The total for IMLS includes congressional earmarks in FY2002 (\$29.5 million), FY2003 (\$35.1 million), FY2004 (\$32.6 million), and FY2005 (\$39.9 million).

c. The top figure for Smithsonian is for Salaries and Expenses. The lower figure in the table is the total (**t = total**) appropriation including repair and construction.

d. Both IMLS and Arts in Education are under L-HHS-ED appropriations. P.L.108-447 provided final FY2005 appropriations.

na = not available at this time/no action on the particular bill.