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Office of the White House Press Secretary

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THE WHITE HOUSE

FACT SHEET

CULTURAL CHALLENGE GRANTS PROGRAM

The President has announced his intention to request \$50 million in federal funds over the next three years for the Cultural Challenge Grants program of the National Endowment of the Arts. This will raise the level and broaden the base of ongoing financial support for the arts from federal and non-federal sources.

The Cultural Challenge Grant program provides cultural institutions with "leverage money" to be used to elicit additional funding from new sources or increased funding from established sources. Cultural Challenge Grants are intended as one-time grants that can be used for up to three years. They will be awarded on the basis of long-range integrated program, audience, and cultural development plans submitted by the institutions. On the basis of past experience with challenge grants in other areas and with fund-raising efforts in general, at least 75% of this new or increased giving can be expected to continue beyond the challenge grant period, thus placing the institution involved on a higher plateau of regular philanthropic support.

FUNDING

The President recommended \$12 million in federal funds for FY 77, \$18 million for FY 78, and \$20 million for FY 79. Thus, federal funds over the three years will total \$50 million. Since federal funds must be matched at least 3-1 by non-federal funds, the Cultural Challenge Grants program holds out the prospect of \$200 million in new funds for cultural institutions.

ELIGIBILITY

More than 1,200 non-profit tax-exempt cultural institutions in all fifty states will be eligible to apply for challenge grants. These include, but are not limited to, art, history and science museums, dance companies, symphony orchestras, community cultural centers, neighborhood arts services, professional theatres, opera companies, and regional media centers.

Under certain circumstances, other culturally-related groups such as state arts agencies, regional arts organizations, service organizations, and united arts funds may also receive such grants.

Groups of cultural institutions will be encouraged to consider joint applications for challenge grants in order to foster greater cooperation among cultural institutions in serving their communities.

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BACKGROUND

Many cultural institutions need to broaden the base and raise the level of regular on-going support to achieve financial stability and to meet the rising public demand for cultural opportunities. Challenge grants will assist in this task by providing "leverage money" to be used locally to elicit additional funding from new sources or increased funding from established sources on at least a three-to-one basis.

The Arts Endowment's challenge grants will complement its other grant programs in serving the agency's main goals of:

- Increasing availability of quality cultural opportunities to all citizens throughout the country;
- Developing our cultural resources by assisting cultural institutions to improve artistic and administrative standards and provide greater public service; and
- Advancing our cultural legacy by fostering artistic creativity and the pursuit of excellence in all the arts, and by preserving our cultural heritage.

Challenge grants will assist cultural institutions in taking better advantage of available opportunities to generate funds for the arts in order to meet increasingly important public needs in the arts.

In response to public demand, the number of cultural institutions and public agencies in the arts has increased over the last decade, and with this, the total arts audience. Examples of this growth include these estimates:

	<u>Number in 1965</u>	<u>Number in 1975</u>
Professional Orchestras	58	110
Professional Opera Companies	27	45
Professional Dance Companies	37	157
Professional Theatres	23	145
Museums	1700	1880
Regional Media Centers	1	40
Community Cultural Centers/ Expansion Arts	6	25
Small Literary Magazines	450	700
Independent Presses	200	350
State Arts Agencies	12	55
Community Arts Agencies	175	900

There has been comparable expansion in folk arts and crafts activity.

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Despite this success, and partly because of it, financial problems are threatening the stability and vitality of the country's important cultural centers. These institutions cannot charge audiences the full costs of their operations and still fulfill their public responsibilities. With inflation, the costs of cultural institutions (labor and energy intensive activities) have increased rapidly. The philanthropic and governmental support relied upon to fill the inevitable gap between costs and maximum feasible earnings has not kept pace. Hence, programs have been curtailed, quality sacrificed, gifted artists shifted to other pursuits, and irretrievable cultural opportunities lost to the public.

At the same time, there is evidence that Americans are willing to do more to make cultural opportunities available. According to a 1975 Harris survey, more than half the American people would be willing to pay an additional \$10 per year in support of the arts. The Conference Board recently found the arts to be the fastest growing area of corporate philanthropy. The same is true of independent foundations. Public officials at all levels of government have been increasingly vigorous in support of programs to support the arts.

Challenge grants will provide an effective catalyst to bring these opportunities to full realization in particular institutional situations.

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