



FEDERAL UPDATE – AS OF June 12, 2009

Appropriations

Stimulus & Omnibus Appropriations Bills for FY 2009

On February 17, 2009, \$50 million for the National Endowment for the Arts (NEA) was included in the *American Recovery and Reinvestment Act of 2009*. Americans for the Arts led an “Arts=Jobs” advocacy campaign to ensure that funding for jobs in the nonprofit arts industry was included in this jobs bill. This new pipeline of funding to the creative industry was the opening salvo from the new administration and Congress in support of the funding for the arts. In April, the NEA had already started distributing these funds in the form of sub-grants to state and regional arts agencies.

On March 11, 2009, President Obama signed the FY 2009 Omnibus Appropriations Resolution. After operating under FY 2008 levels for the past several months because of a protracted budget process stalemate, funding for most federal agencies had to be bundled into one large omnibus measure. Disagreements between Congress and the Bush Administration led to the long delay that left last year’s appropriation business to be considered by the new administration. Included in the catch-all funding measure was a \$10 million boost for both the NEA and NEH to a total \$155 million each, up from the previous year’s \$144.7 million.

FY 2010 Appropriations

On Arts Advocacy Day, March 31, 2009, Americans for the Arts was for the third year in a row asked by Chairman Norm Dicks (D-WA) to organize a national panel of witnesses and testimony for the House Interior Appropriations Subcommittee on federal arts funding. This year’s panel included: President and CEO of Americans for the Arts Robert L. Lynch, acclaimed 9-time Grammy winner Wynton Marsalis, legendary recording artist Linda Ronstadt, internationally acclaimed singer Josh Groban and Reinvestment Fund President and Philadelphia Federal Reserve Board Member Jeremy Nowak. The committee hopes to start consideration of FY 2010 appropriations in June after the administration submits its budget and assert their spending priorities.

On May 7, 2009, President Obama released the details of his administration’s first budget. The FY 2010 spending proposal included \$6 million more for the both the NEA and the NEH bringing their proposed budgets to \$161 million, respectively. In stark contrast to his predecessor, President Obama also included funding for Arts in Education in the administration’s first budget. Arts in Education (AIE) is currently funded at \$38.1 million and provides for two critical competitive grants at the Department of Education. The Bush Administration had requested zero funding for this program for eight consecutive years. The Institute for Museum and Library Services (IMLS) and other cultural institutions were mostly level-funded from the previous year’s appropriation. Details for the Office of Museum Services within IMLS were not available in the president’s proposal.

On June 10, 2009, the House Interior Appropriations Subcommittee approved a \$15 million dollar increase over FY2009 for the NEA and NEH, bringing the total proposed funding level to each agency to \$170 million for FY 2010. The subcommittee exceeded the president’s initial budgetary request by almost \$9 million dollars and represents the highest funding level for the NEA since its peak of \$176 million in 1992. In his statement, Chairman Norm Dicks (D-WA) said the subcommittee’s Arts Advocacy Day hearings had demonstrated that “the endowments are vital for preserving and encouraging America’s arts and cultural heritage.” After approval by the full House Appropriations Committee, the legislation heads to the House floor for House passage.

Agency	President Bush's Request FY09	House Interior Subcommittee FY09	Senate FY09	Final Omnibus FY09	President Obama's Request FY10	House Committee Action FY10	Senate Action FY 10
NEA	\$128.41	\$160	No committee action	\$155.0	\$161.3	\$170.0	TBD
NEH	\$141.35	\$160	No committee action	\$155.0	\$161.3	\$170.0	TBD

(\$ in millions)

Tax Issues

Recently, the House has passed an extension of the “IRA Charitable Rollover” provision of the Pension Protection Act to extend the provision until December 2009. This provision permits donors age 70.5 and older to make tax-free charitable gifts directly from their IRAs to charities up to an annual ceiling of \$100,000. A nonbinding congressional budget resolution passed in April and the president’s initial budget blueprint have signaled that this provision will be extended again through December 2010. Recently, H.R. 1250 and S. 864, were reintroduced by Reps. Earl Pomeroy (D-ND) and Wally Herger (R-CA) in the House and by Sens. Byron Dorgan (D-ND) George Voinovich (R-OH) in the Senate. This legislation makes this provision permanent and removes the arbitrary age and monetary caps.

The “Artist-Museum Partnership Act,” S. 405 offered by Sens. Pat Leahy (D-VT) and Robert Bennett (R-UT) and H.R. 1126 offered in the House by Reps. John Lewis (D-GA) and new Congressional Arts Caucus Co-Chair Todd Platts (R-PA), was recently reintroduced after record-setting co-sponsorship in the last Congress. This legislation would allow artists to claim a tax deduction for gifts of their own work. Without incentive to give their works to nonprofit institutions, creators generally sell their works to private collectors, and the public loses. Last year, former NEA Chairman Dana Gioia submitted a letter to Congress discussing the positive impact of the bill in preserving America's artistic heritage. Americans for the Arts is in constant contact with the bills sponsors to assist in mobilizing support for this crucial bill affecting artists and arts institutions alike.

Itemized Deductions

A conversation on the value of itemized deductions for charitable purposes has recently emerged with the Obama Administration proposing in its new budget that they be capped to 28% as opposed to the corresponding highest tax brackets, some as high as 39%. This value cap would apply to those families earning \$250,000 or more and individuals earning \$200,000 or more, respectively, in an effort to help fund health care reform. Congress passed a nonbinding budget resolution that did not mirror the administration’s intentions in changing the value of those deductions which would impact the nonprofit sector. Congress and the President hope to reconcile the different policies this summer.

Artist Visas

The “Arts Require Timely Service Act” (ARTS), H.R. 1312 sponsored by Rep. Howard Berman (D-CA), a bill that expedites the visa status for foreign artists to no longer than 45 days and waives an expedition fee for nonprofit performer and organizations, passed the House of Representatives by voice vote on April 1st in the last Session of Congress. This bill, which has long been championed by performing arts groups, saw swift passage on the House floor and seeks to make it easier for foreign artists to perform in the United States. Senate action is pending.

National Service

Approved by Congress on March 31, 2009, The *Edward M. Kennedy Serve America Act* (H.R. 1388) reauthorized the federal volunteer programs as administered through the Corporation for National and Community Service. In addition to greatly expanding the number of service members, the legislation creates an “Education Corps...that identifies and meets unmet educational goals.” Among the new eligible activities outlined in the legislation is a program that provides artists and/or musicians to promote community service in low-income communities with citizens of all ages. Americans for the Arts worked with other arts advocacy organizations and congressional staff to secure this provision. President Obama signed the bill into law on National Service Day, April 21, 2009.