

Statement of Christine Anagnos
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Before the
House Committee on Appropriations
Subcommittee on Interior, Environment and Related Agencies

The Association of Art Museum Directors (AAMD) respectfully requests funding of no less than \$155 million each for the National Endowment for the Arts (NEA) and the National Endowment for the Humanities (NEH).

In addition, AAMD requests a revision of the Arts and Artifacts Indemnity Act (P.L. 94-158) as amended (P.L. 110-161, Sec. 426) to increase the amount of indemnity that may be outstanding at any given time and for any single exhibition. Congress last amended the Act in 2005 and 2007, and both times it did so through the appropriations process.

I. THE ARTS AND ARTIFACTS INDEMNITY ACT

Congress and President Gerald Ford approved the Arts and Artifacts Indemnity Act in 1975 to promote the international exchange and exhibition of major artworks. Officially a program of the Federal Council on the Arts and Humanities, the program is administered by the NEA. In 2007, the program was expanded to cover purely domestic exhibitions.

Federal indemnity only covers objects in major exhibitions. It usually does not cover every object, as some are excluded because they are fragile, or for other reasons. When objects are excluded, the museum must either secure private insurance or cover them through its own blanket policy. Getting indemnity for some objects makes getting insurance for the remainder easier and more affordable.

Absent indemnification, some exhibitions would have to be cut back in scale, whether by traveling to fewer venues or including fewer objects. In some cases, exhibitions would not go forward at all. For this reason, fine arts insurers as well as museums support the indemnity program, since they would rather insure some objects in an exhibition than not have the exhibition presented in the first place.

The program has run smoothly and incurred minimal costs to the federal government, which since 1975 has paid just two claims, totaling \$104,700. It currently saves art museums approximately \$30 million annually, while enabling major exhibitions to be presented to audiences around the country, with all of their attendant educational and economic benefits.

The program's cost has been so low for several reasons. First, it imposes high deductibles: for exhibitions indemnified for over \$500 million, the deductible is \$500,000. Second, the program is very strict about what it will cover, with entire classes

of objects ineligible due to fragility. Third, the program demands the highest standards in security and environmental controls; for example, all exhibitions must have human guards 24 hours a day, and all works must travel with couriers.

The Act allows no more than \$10 billion in indemnity for international exhibitions to be outstanding at any one time, and no single international exhibition may receive indemnity for more than \$1.2 billion of value. No more than \$5 billion may be outstanding at any one time for domestic exhibitions, and no single domestic exhibition may receive indemnity for more than \$750 million of value.

In 2012, museums requested indemnity for nearly \$16 billion in value for international exhibitions and over \$6 billion for domestic. Museums report that the caps are preventing indemnity from being extended to objects that would have been covered in past years. Simply put, there is not enough coverage to go around. As both inflation and a rising art market take their toll, the situation is bound to worsen.

A list of recently indemnified exhibitions appears on the NEA's website. While only the museum that organizes the exhibition applies for indemnity, all museums that present or lend to the exhibition benefit from it. For example, the exhibition "The Civil War and American Art" included works from museums in Birmingham, AL; Detroit, MI, Kansas City, MO; Los Angeles, CA; New Haven, CT; Newark, NJ; Norfolk, VA; Philadelphia, PA; Richmond, VA; San Francisco, CA; Saratoga Springs, NY; and Tulsa, OK. In this way they were able to share work in their collections with the large American and international audiences that came to see the exhibition at the Smithsonian American Art Museum and the Metropolitan Museum of Art, as well as those who experienced it online.

Nor is it only large institutions that present qualifying exhibitions. For example, the Speed Art Museum in Louisville, KY organized "Rembrandt, Rubens, Gainsborough and the Golden Age of Painting," which traveled with indemnity to the Philbrook Museum in Tulsa, OK; Dixon Gallery and Gardens in Memphis, TN, Flint Institute of Arts in Flint, MI; and the El Paso Museum of Art in El Paso, TX. In this case, indemnity coverage permitted the Speed to control the exhibition's costs and translated into a reduced participation fee for these moderate sized art museums.

Since 1975, Congress has raised the international caps several times, the last being in 2005, generally anywhere from 25 percent to 100 percent. A partial legislative history is included below.

AAMD requests that Congress once again raise the international caps and, for the first time since instituting the domestic program in 2007, raise its caps as well. Using previous congressional actions as precedent, we suggest that it would be reasonable to institute an overall cap of \$15 billion for international exhibitions with the limit per exhibition rising to \$1.8 billion, and an overall cap of \$7.5 billion for domestic exhibitions with the limit per exhibition rising to \$1 billion.

Recognizing that this is technically an authorizing matter, AAMD urges the Appropriations Committee to work with the Education and Workforce Committee to approve new caps.

PARTIAL LEGISLATIVE HISTORY OF THE INDEMNITY ACT:

1975 S. 1800 An Act to provide indemnities for exhibitions of artistic and humanistic endeavors, establishes aggregate cap of \$250,000,000, with \$50,000,000 maximum per international exhibition.

1980 S. 1386 Reauthorization of National Foundation on the Arts and Humanities Act and the Museum Services Act, increases aggregate cap to \$400,000,000.

1985 S. 1264 Arts, Humanities and Museums Amendments of 1985, increases the aggregate of loss or damage covered at any one time by indemnity agreements made under such Act. Increases the maximum level of indemnification for each exhibition.

1990 HR 5769 Interior and Related Agencies Appropriations Act, increases aggregate cap and exhibition cap.

1999 HR 4328 Omnibus Consolidated and Emergency Supplemental Appropriations Act, amends the Arts and Artifacts Indemnity Act to increase certain coverage limits for loss or damage of items covered by indemnity agreements under such Act.

2003 HR 13 Museum and Library Services Act, increases aggregate cap from \$5 billion to \$8 billion and exhibition cap from \$500 million to \$600 million.

2005 HR 2361 Department of the Interior, Environment, and Related Agencies Appropriations Act, increases aggregate cap to \$10 billion and exhibition cap to \$1.2 billion.

2007 HR 2764 Consolidated Appropriations Act, establishes program for domestic exhibitions with aggregate cap of \$5 billion and exhibition cap of \$750 million.

II. NATIONAL ENDOWMENT FOR THE ARTS

As stated above, AAMD requests that Congress appropriate no less than \$155 million for the NEA. The agency continues to make modest but important grants that leverage significant private support.

For this statement we would like to focus on the Blue Star Museums program, which is an outstanding example of NEA leadership. In 2013, eighty percent of AAMD's membership participated in the Blue Star program, which calls on museums to offer free admission to active-duty military families at least from Memorial Day to Labor Day. Many museums offered free admission year-round. We have asked our members to enroll for 2014 and are receiving an enthusiastic response.

In addition to free admission, many AAMD members have tailored programs to the military audience:

The Frist Center for the Visual Arts in Nashville, TN presented “Steve Mumford’s War Journals, 2003-2013.” Thanks to a generous donor, the Frist also offers free membership to military families.

The Minneapolis Institute of Art has created a specialized tour for veterans attending the Psychiatry Partial Hospital (PPH) program at the Minneapolis VA. The tour, titled “Honoring the Warrior” combines art history, art appreciation and art therapy into a unique therapeutic experience where veterans can explore their thoughts and feelings through their reactions to particular works of art

The Honolulu Museum of Art is particularly proud of the Warriors’ Eyes on Art program, a partnership with Honolulu’s Tripler Army Medical Center. Service men and women in treatment for P.T.S.D. visit the museum before hours to visit the galleries and create art works of their own with professionals from the museum and medical center.

At the Bronx Museum of the Arts, a series of paintings, interviews and stories “convey the pressing need for a civilian awareness of the realities and experiences of veterans from current and past generations,” according to the museum’s website.

Each of these AAMD members is a Blue Star Museum.

III. NATIONAL ENDOWMENT FOR THE HUMANITIES

Finally, and as stated above, AAMD requests that Congress appropriate no less than \$155 million for the NEH.

This important agency assists art museums in presenting humanities scholarship to the general public. It also has historically played an invaluable role in assisting with the preservation and conservation of important collections. This is exactly the type of unglamorous work for which it is chronically difficult to raise private funding, making federal support all the more valuable.

Both the NEA and NEH rely on the participation of non-governmental peer reviewers in making funding decisions, ensuring that political interference is non-existent. This system is the envy of many nations, and we strongly encourage Congress to maintain its vitality through continued and increased funding.

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