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APPROVED
OCT 21 1975

Signed 10/21

THE WHITE HOUSE
WASHINGTON
October 18, 1975

ACTION

Last Day: October 21

Postell
10/22/75

MEMORANDUM FOR THE PRESIDENT

FROM: JIM CANNON

SUBJECT: H.R. 6151 - The John F. Kennedy
Center for the Performing Arts

Attached for your consideration is H.R. 6151, sponsored by Representatives Roncalio, Thompson and Esch, which authorizes appropriations for services necessary to the non-performing arts functions of the John F. Kennedy Center in amounts not to exceed \$2,800,000 for FY 76, \$741,000 for the transition quarter and \$3,100,000 for FY 77.

Additional information is provided in OMB's enrolled bill report at Tab A.

OMB, Interior, Max Friedersdorf, Counsel's Office (Lazarus) and I recommend approval of the enrolled bill.

RECOMMENDATION

That you sign H.R. 6151 at Tab B.



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

OCT 15 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 6151 - The John F. Kennedy Center
for the Performing Arts
Sponsors - Rep. Roncalio (D) Wyoming, Rep. Thompson
(D) New Jersey and Rep. Esch (R) Michigan

Last Day for Action

October 21, 1975 - Tuesday

Purpose

Authorizes appropriations for services necessary to the non-performing arts functions of the John F. Kennedy Center in amounts not to exceed \$2,800,000 for fiscal year 1976, \$741,000 for the transitional quarter, and \$3,100,000 for fiscal year 1977.

Agency Recommendations

Office of Management and Budget

Approval

Department of the Interior

No Objection (Informally)

Discussion

Under present law, the Secretary of the Interior is directed to provide for the maintenance, security, information, interpretation, janitorial, and all other services necessary to the nonperforming arts functions of the Kennedy Center. However, the current appropriation authorization for this program extended only through fiscal year 1975 at a level of \$2,500,000 for that year.

H.R. 6151 would authorize appropriations for services necessary to the nonperforming arts functions of the Kennedy Center in amounts not to exceed \$2,800,000 for fiscal year 1976,

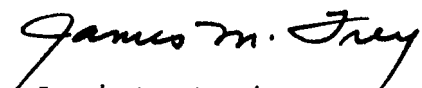
\$741,000 for the transitional quarter ending September 30, 1976, and \$3,100,000 for fiscal year 1977. In addition, the enrolled bill would direct the General Accounting Office to audit on a regular basis the accounts of the Kennedy Center. The purpose of such audit activities would be to determine the continuing ability of the Center to pay its share of future operating costs and to assure use of a cost sharing formula that fairly and accurately reflects the use of the building.

The enrolled bill's authorization levels are slightly higher than those requested in your fiscal year 1976 budget (\$2,575,000), but much of this difference will be eliminated when wage board and classified pay increases are absorbed within the ceiling. In addition to pay increases, the cost of electricity has been the major factor in generating the higher authorization levels in the Kennedy Center budget.

Finally, in reporting on H.R. 6151, the Senate Public Works Committee explained the need for the GAO audit provision as follows:

"The Committee is greatly concerned over indications from the recent General Accounting Office report and hearings on this bill that the Center may be unable to meet its accumulated debt and to make necessary repairs, both outside the memorial aspects of the Center. This question will come into focus by 1978 when unpaid debts on the parking garage bonds fall due; the interest due in 1978 is estimated at \$14.6 million.

The Committee urges that the Center and the Department of the Interior recognize what might be termed the precarious financial position of the Center and report, within one year, to the Congress on what efforts are and will be made by the Center to raise the funds needed to meet this debt, as well as to meet any costs of major repairs that may be necessary. Such a report should contain a detailed analysis of the Center's efforts to raise additional capital funds to cover such debts in order that the taxpayers will not be forced to assume the burden of such added and unnecessary costs."


Assistant Director for
Legislative Reference

Enclosures

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

OCT 15 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 6151 - The John F. Kennedy Center
for the Performing Arts
Sponsors - Rep. Roncalio (D) Wyoming, Rep. Thompson
(D) New Jersey and Rep. Esch (R) Michigan

Last Day for Action

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10.15.75
RJR

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The enrolled bill's authorization levels are slightly higher than those requested in your fiscal year 1976 budget (\$2,575,000), but much of this difference will be eliminated when wage board and classified pay increases are absorbed within the ceiling. In addition to pay increases, the cost of electricity has been the major factor in generating the higher authorization levels in the Kennedy Center budget.

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The Committee urges that the Center and the Department of the Interior recognize what might be termed the precarious financial position of the Center and report, within one year, to the Congress on what efforts are and will be made by the Center to raise the funds needed to meet this debt, as well as to meet any costs of major repairs that may be necessary. Such a report should contain a detailed analysis of the Center's efforts to raise additional capital funds to cover such debts in order that the taxpayers will not be forced to assume the burden of such added and unnecessary costs."

(Signed) James M. Frey

Assistant Director for
Legislative Reference

Enclosures



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

OCT 15 1975

Dear Mr. Lynn:

This responds to your request for the views of this Department on the enrolled bill H.R. 6151, "To authorize appropriations for services necessary to nonperforming arts functions of the John F. Kennedy Center."

We have no objection to the President's approval of this enrolled bill.

The bill would continue funding authorizations for nonperforming art functions of the Kennedy Center through the fiscal year ending September 30, 1977, in amounts not to exceed \$2,800,000 for the period ending June 30, 1976, \$741,000 for the transition period ending September 30, 1976, and \$3,100,000 for the fiscal year ending September 30, 1977.

This bill is consistent with the Administration's position expressed at the hearing on May 6 on this bill, and in a letter from this Department on May 29. It would continue the appropriation authority for nonperforming art functions of the Kennedy Center which would otherwise expire with FY 1975. Without the authorization, these functions, and the overall activity at the Center, would have to be curtailed.

The authorizations contained in the bill represent an increase over the \$2,500,000 for FY 1975, to account for increased costs of running the Center at the present level of services.

The bill would also direct the General Accounting Office to regularly review the books of the Kennedy Center to determine its ability to pay its share of future operating costs and to assure the fairness of the cost of living formula. We do not object to this provision.

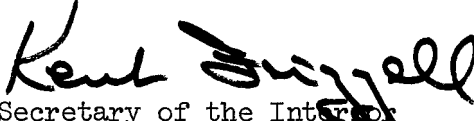


Save Energy and You Serve America!

The Department's support for this legislation expressed at the congressional hearings was formulated prior to our knowledge of the proposed \$900,000,000 reduction in our budget request for FY 1977. In carrying out such significant reductions in Departmental expenditures, many programs and initiatives which we previously supported must necessarily be reexamined. We believe it will be inadvisable to continue supporting the Kennedy Center in the manner previously contemplated. Accordingly, following a thorough review of this program we expect to recommend either a reduction in the amount of appropriation requested for FY 1977 or in the alternative to propose other sources of funding for the future operations of the Kennedy Center.

In view of the immediate needs of the Center we have no objection to the enactment of this legislation.

Sincerely yours,


Acting Secretary of the Interior

Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D. C. 20503

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 650

Date: October 13

Time: 12:00 noon
6:15 pm

FOR ACTION: Paul Beach
Max Friedersdorf
Ken Lazarus

cc (for information): Jim Cavanaugh
Jack Marsh
Warren Hendriks

FROM THE STAFF SECRETARY

DUE: Date: October 18

Time: noon

SUBJECT:

H.R. 6151 - John F. Kennedy Center for the Pefferming Arts

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 650

Date: October 17

Time: 1200noon

FOR ACTION: Paul Leach
Max Friedersdorf
Ken Lazarus ✓

cc (for information): Jim Cavanaugh
Jack Marsh
Warren Hendriks

FROM THE STAFF SECRETARY

DUE: Date:

Time: noon

October 18

SUBJECT:

H. R. 6151 - John F. Kennedy Center for the Performing Arts

ACTION REQUESTED:

___ For Necessary Action

___ For Your Recommendations

___ Prepare Agenda and Brief

___ Draft Reply

___ For Your Comments

___ Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

No objection. -- Ken Lazarus 10/17/75

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Jim Cavanaugh

THE WHITE HOUSE
WASHINGTON

October 20, 1975

MEMORANDUM FOR: JIM CAVANAUGH
FROM: MAX L. FRIEDERSDORF *M. L. F.*
SUBJECT: H.R. 6151 - John F. Kennedy Center for the
Performing Arts

The Office of Legislative Affairs concurs with the agencies
that the subject bill be signed.

Attachments

JOHN F. KENNEDY CENTER

JUNE 11, 1975.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. JONES of Alabama, from the Committee on Public Works and Transportation, submitted the following

REPORT

[To accompany H.R. 6151]

The Committee on Public Works and Transportation, to whom was referred the bill (H.R. 6151) to authorize appropriations for services necessary to nonperforming arts functions of the John F. Kennedy Center, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

On the first page, line 6, strike out "\$2,800,000" and insert in lieu thereof "\$2,575,000".

On the first page, line 8, insert ", and \$3,100,000 for the fiscal year ending September 30, 1977" after "1976" and before the period.

PURPOSE

The purpose of H.R. 6151, as reported, is to amend the John F. Kennedy Center Act to authorize appropriations to the Secretary of the Interior for maintenance, security, information, interpretation, janitorial, and all other nonperforming arts functions at the Center for the fiscal year ending June 30, 1976, the transition period ending September 30, 1976, and for the fiscal year ending September 30, 1977.

BACKGROUND

Section 10 of the Public Buildings Amendments of 1972 approved June 16, 1972, added a new subsection (e) to section 6 of the John F. Kennedy Center Act. The new subsection directed the Secretary of the Interior, acting through the National Park Service, to provide maintenance, security, information, interpretation, janitorial, and all other services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts. It authorized such sums as may be necessary to carry out these functions for the fiscal year

ending June 30, 1973. Section 6 was amended on July 10, 1973 by Public Law 93-67 which authorized \$2,400,000 for the fiscal year ending June 30, 1974, and \$2,500,000 for the fiscal year ending June 30, 1975, to carry out the nonperforming arts functions of the Center.

H.R. 6151, as reported, would authorize to be appropriated \$2,575,000 for the fiscal year ending June 30, 1976, \$741,000 for the transition period ending September 30, 1976, and \$3,100,000 for the fiscal year ending September 30, 1977, for the purpose of providing services necessary to the nonperforming arts function of the John F. Kennedy Center.

NEED FOR THE LEGISLATION

The President's budget estimate for fiscal year 1976 contains a request for the appropriation of \$2,575 and \$741,000 for the transition period ending September 30, 1976, for the Secretary of the Interior to continue in the interpretive and other nonperforming arts functions at this memorial to former President Kennedy. Enactment of the bill H.R. 6151 is necessary to authorize the appropriation of the funds requested in the budget, as well as to authorize funds for fiscal year 1977.

ACTIVITIES OF THE JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS

Charged by Congress with responsibility for maintaining the Center as a national memorial, the National Park Service carries out vital maintenance, security and information functions. The daily efforts of National Park Service personnel within the building and throughout the 17-acre site add immeasurably to the enjoyment of sightseers and theatergoers alike.

However, the public service aspects of the Center are not carried out alone by the National Park Service. The John F. Kennedy Center for the Performing Arts, in addition to its normal entertaining function, has committed itself to public service programming despite the expense. These activities include a special price ticket program whereby up to 15 percent of the tickets to all public performances at the Kennedy Center are set aside for sale at half price to students, senior citizens, the handicapped, members of the military and the underprivileged. Numerous festivals have been sponsored by the Kennedy Center with the assistance of several corporations and foundations, including the Christmas Festival funded by Mobil Oil and attended free of charge by 46,000 people; a free Easter Festival attended by 26,000 visitors; numerous free concerts involving in excess of 1 million school children; weekly, free organ recitals; the American College Theater Festival involving 350 entries from throughout the country; and several music festivals which have received national and international critical acclaim, including the "Festival of the Old and New", Mozart Festival and Shakespeare Festival. The Kennedy Center's Bicentennial program has been funded entirely by corporate donations, and will include "200 Years—Exhibition of the Performing Arts," financed by IBM; American Bicentennial Theater Festival, financed by Xerox; 200 years of Folk Music Indigenous to the United States, financed by Prudential Insurance Company; and "A Bicentennial Salute to the Fifty States," which will include programs from the 50

States, and is financed by Exxon. In addition, through the Friends of the Kennedy Center, the Trustees provide an estimated 50,000 hours of volunteer services to assist in providing tours to the estimated 3 million annual visitors to the Building.

ELECTRICAL CONSUMPTION ECONOMIES AT THE KENNEDY CENTER

Electrical energy consumption at the John F. Kennedy Center has been reduced substantially as a result of coordinated action by the National Park Service and Kennedy Center. During fiscal year 1973, 46,144,800 kilowatt hours were consumed at a cost of \$671,097.12. Consumption during fiscal year 1975 has been reduced to 29,088,400 kilowatt hours costing \$874,227.10 (estimated). Energy conservation efforts were commenced in August, 1973, and during the first 12-month period consumption was reduced by 32.10 percent compared to the same 12-month period in 1972-1973. Additional conservation procedures have been continuously adopted to further reduce consumption.

Kennedy Center's share of the total cost of electrical energy consumption, including consumption by parking and restaurant concessionaires, has been paid for in accordance with the percentages agreed upon by the Kennedy Center and the National Park Service. This percentage has been set at 23.8 percent for the Kennedy Center and 76.2 percent for the Park Service.

AGENCY COMMENTS

The following letter was submitted by the Department of Interior recommending further authorizations for the nonperforming arts function of the John F. Kennedy Center for the Performing Arts.

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., February 13, 1975.

HON. CARL ALBERT,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Enclosed is a draft of a proposed bill "Authorizing further appropriations to the Secretary of the Interior for services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, and for other purposes."

We recommend that the bill be referred to the appropriate committee for consideration, and we recommend that it be enacted.

Section 10 of the Public Buildings Amendments of 1972 (86 Stat. 216, 222), approved June 16, 1972, added a new subsection (e) to section 6 of the John F. Kennedy Center Act, as amended. The new subsection directed the Secretary of the Interior, acting through the National Park Service, to provide maintenance, security, information, interpretation, janitorial, and all other services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts. It authorized such sums as may be necessary to carry out these functions, but only for the fiscal year ending June 30, 1973. Section 6 was further amended on July 10, 1973 by Public Law 93-67 (87 Stat. 161) which authorized sums to carry out the non-

performing arts functions of the Center through the fiscal year ending June 30, 1975.

The enclosed draft bill would amend the appropriation authorization in subsection 6(e) to delete the language limiting the authorization to fiscal year 1975, thus permitting the National Park Service to continue to receive appropriations after 1975 for carrying out the nonperforming arts functions for the Center.

On October 4, 1972, this Department entered into an agreement with the Board of Trustees for the Kennedy Center whereby interpretation and information services, maintenance services, and utilities and janitorial services, as related to the nonperforming arts functions, would be supplied by the Secretary.

The amounts authorized by the July 1973, amendment were: FY 1974, \$2,400,000; and fiscal year 1975, \$2,500,000. At the time the \$2,400,000 for fiscal year 1974 was authorized on July 10, 1973, the electric bill for the Center was running approximately \$60,000 per month; or \$720,000 per year. The bill is now averaging \$82,400 per month, while the use of electric energy at the Center has been reduced by 30 percent. This results in an annual cost of about \$1,000,000. The National Park Service share of that cost is about \$670,000. A year ago, the National Park Service share of the annual cost was \$482,000. In addition, PEPCO is seeking a further rate increase of about 20 percent. We have reduced the lighting at the Center as much as possible, while still permitting continued use of the building.

The \$100,000 increase in fiscal year 1975 over fiscal year 1974 has been completely absorbed with a wage board and classified pay increase in excess of 5 percent and a police salary increase of 16 percent.

In addition, the amounts authorized did not provide for replacement of items such as floor carpeting and wall covering and equipment for the mechanical plant. It is now necessary to make some replacements of the floor carpeting and wall covering, which will cost approximately \$100,000 per year.

We have determined, that unless the present limitation is removed, the existing increase of \$188,000 for electricity, plus the pending rate increase, can only be absorbed through termination of the security personnel assigned to the theaters during the day, and through termination of the Park Service interpretation booths in each of the halls and on the roof-top. All interpretation at the Center would thus be left to the Friends of the Kennedy Center, although we would be able to continue to develop and coordinate audio services and hand-out materials. This public interpretive program is presently similar in quality to the program for other memorials in the Washington, D.C., area, such as the Washington Monument, and the Lincoln and Jefferson Memorials. No increase in the level of public service is proposed, except during the 3-month period when Bicentennial visitation will be at the highest level.

The only alternative to these cutbacks would be to close the Center one day a week. This action would require the concurrence of the Board of Trustees, and would require considerable advance notice.

We believe that these alternatives are inappropriate for the Kennedy Center, the official memorial to the late President Kennedy, and a Center of national reputation and importance. Visitation at the Center

continues to exceed 2.5 million annually, and the Center attracts 15,000 to 20,000 visitors per day during peak periods.

We urge timely and favorable action on the enclosed proposal in view of the approaching expiration of the appropriation authorization with which the proposed bill deals.

The Office of Management and Budget has advised that there is no objection to the presentation of this draft bill from the standpoint of the Administration's program.

Sincerely yours,

CURTIS BOHLEN,
Acting Assistant Secretary of the Interior.

A BILL Authorizing further appropriations to the Secretary of the Interior for services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the second sentence of subsection (e) of section 6 of the John F. Kennedy Center Act (72 Stat. 1698), as amended, is amended to read as follows: "There are hereby authorized to be appropriated such sums as may be necessary for carrying out this subsection."

COMPLIANCE WITH CLAUSE 2(1) OF RULE XI OF THE RULES OF THE HOUSE OF REPRESENTATIVES

(1) With reference to Clause 2(1)(3)(A) of Rule XI of the Rules of the House of Representatives, no separate hearings were held on the subject matter of this legislation by the Subcommittee on Investigations and Review, however, the Subcommittee on Public Buildings and Grounds held hearings on this subject matter which resulted in the reported bill.

(2) With respect to Clause 2(1)(3)(B) of Rule XI of the Rules of the House of Representatives, the bill, as reported, does not provide new budget authority. However, since H.R. 6151, as reported, provides authorizations for appropriations which will lead to budget authority, a statement pursuant to section 308(a) of the Congressional Budget Act follows:

(a) With respect to section 308(a)(1)(B), it is anticipated that budget outlays for fiscal year 1976 and fiscal year 1977 is as follows:

Fiscal year 1976	\$2,575,000
July 1, 1976-Sept. 30, 1976	741,000
Fiscal year 1977	3,100,000

(b) With reference to section 308(a)(1)(C), H.R. 6151, as reported, provides no financial assistance to State and local governments.

(3) With respect to Clause 2(1)(3)(C) of the Rules of the House of Representatives, the Committee has not received an estimate and comparison prepared by the Director of the Congressional Budget Office under section 403 of the Congressional Budget Act.

(4) With respect to Clause 2(1)(3)(D) of Rule XI of the Rules of the House of Representatives, the Committee has not received a report from the Committee on Government Operations pertaining to the subject matter.

(5) With reference to Clause 2(1)(4) of Rule XI of the Rules of the House of Representatives, the following information is provided:

The effect of carrying out H.R. 6151, as reported, should be minimal with respect to prices and cost. The funds authorized to be appropriated represent a continuation of expenditures necessary for maintenance, security, information, interpretation, janitorial, and all other nonperforming arts functions at the John F. Kennedy Center for the Performing Arts.

COST OF THE LEGISLATION

In accordance with Rule XIII(7) of the Rules of the House of Representatives, the estimated costs to the United States which would be incurred in carrying out H.R. 6151, as reported, in fiscal year 1976, the transition period ending September 30, 1976, and fiscal year 1977 are set forth herein.

Fiscal year 1975	None
Fiscal year 1976	\$2,575,000
July 1, 1976-Sept. 30, 1976	741,000
Fiscal year 1977	3,100,000
Fiscal years 1978-1979-1980	None

VOTE

The committee ordered the bill reported by voice vote.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SECTION 6 OF THE JOHN F. KENNEDY CENTER ACT

ADMINISTRATION

Sec. 6. (a) The Board is authorized to adopt an official seal which shall be judicially noticed and to make such bylaws, rules, and regulations, as it deems necessary for the administration of its functions under this Act, including, among other matters, bylaws, rules, and regulations relating to the administration of its trust funds and the organization and procedure of the Board. The Board may function notwithstanding vacancies and twelve members of the Board shall constitute a quorum for the transaction of business.

(b) The Board shall have all the usual powers and obligations of a trustee in respect of all trust funds administered by it.

(c) The Board shall submit to the Smithsonian Institution and to Congress an annual report of its operations under this Act, including a detailed statement of all public and private moneys received and disbursed by it.

(d) The Board shall transmit to Congress a detailed report of any memorial which it proposes to provide within the John F. Kennedy Center for the Performing Arts under authority of paragraph (5) of section 4 of this Act, and no such memorial shall be provided until the Board of Regents of the Smithsonian Institution shall have approved such memorial.

(e) The Secretary of the Interior, acting through the National Park Service, shall provide maintenance, security, information, interpretation, janitorial and all other services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts. There are hereby authorized to be appropriated for the purpose of carrying out this subsection, not to exceed \$2,400,000 for the fiscal year ending June 30, 1974, and \$2,500,000 for the fiscal year ending June 30, 1975. *There is authorized to be appropriated to carry out this subsection not to exceed \$2,575,000 for the fiscal year ending June 30, 1976, \$741,000 for the transition period ending September 30, 1976, and \$3,100,000 for the fiscal year ending September 30, 1977.*

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JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS

JULY 31, 1975.—Ordered to be printed

Mr. MORGAN, from the Committee on Public Works,
submitted the following

REPORT

[To accompany H.R. 6151]

The Committee on Public Works, to which was referred the act (H.R. 6151), authorizing further appropriations to the Secretary of the Interior for services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the act as amended do pass.

PURPOSE OF LEGISLATION

S. 971, the comparable Senate bill, as introduced, was identical to legislation transmitted to the Congress by the Department of the Interior. As introduced, the bill provided for an unspecified authorization, without fiscal year limitation, for appropriations to the Secretary of Interior for maintenance, security, information, interpretation, janitorial, and all other non-performing arts functions of the John F. Kennedy Center for the Performing Arts. H.R. 6151 as reported by the Committee provides \$2,800,000 in fiscal year 1976, \$741,000 in the transition quarter, and \$3,100,000 in fiscal year 1977 for these non-performing arts functions, and directs the General Accounting Office to perform a regular audit of the accounts of the Kennedy Center.

BACKGROUND

Public Law 85-874, enacted September 2, 1958, authorized construction, with funds raised by voluntary contributions, of a building to be designated as the National Cultural Center. It was to be run by a Board of Trustees as a branch of the Smithsonian Institution. Sub-

sequent acts renamed the Center as the John F. Kennedy Center for the Performing Arts, authorized the appropriation of \$22,000,000 for construction of the Center, and authorized the Board of Trustees to borrow \$20,400,000 to finance construction of parking facilities. Construction of the Center was begun in September 1966 and completed in late 1971.

Following reports of fiscal difficulties, on December 30, 1971, Senator Randolph, as Chairman of the Committee on Public Works, requested that the General Accounting Office review and report on the finances and operations of the Center. As of March 31, 1972, they reported that the cost of constructing the Center was \$72.4 million, \$67.9 million of which had been paid. This left a deficit of \$4.5 million. At the same time, other financial and organizational problems were revealed, including the fact that routine maintenance was being deferred.

Section 10 of the Public Buildings Amendments of 1972 amended the John F. Kennedy Center Act, delegating maintenance, custodial, and other responsibilities for non-performing-arts portions of the Center to the Secretary of the Interior, and authorizing an appropriation to fund such services through June 30, 1973. These functions are identified in an October 4, 1972 agreement between the National Park Service and Board of Trustees, and comprise maintenance, utilities, janitorial, security, and interpretation and information services. The agreement stipulates that when such services include performing arts functions, the Park Service shall be compensated by the Board of Trustees. The Congress extended the authority of the 1972 amendments and authorized and appropriated funds through fiscal year 1975. Subsequently, the Government Accounting Office prepared a second report for the committee, identifying several recommendations on improved fiscal controls for the Center.

NEED FOR LEGISLATION

The Park Service should continue to exercise its responsibility for maintenance, custodial, and other public aspects of the Center. Without financial support, the Center would be unable to keep the building open for the many thousands who visit it weekly, to maintain the building, equipment, and grounds.

The Lincoln and Jefferson Memorials and the Washington Monument are all popular memorials in the Nation's Capital, administered by the National Park Service. It is appropriate that the memorial type functions of the Kennedy Center (unrelated to the performing arts) be under the supervision of the National Park Service.

The Department of Interior originally estimated that the cost would be \$2,575,000 for fiscal year 1976, and \$741,000 for the transition quarter, plus additional amounts that might be necessary to cover contingencies, increases in salaries and other employee benefits. The subcommittee has been informed that an increase in authorization to \$2.8 million for FY 1976 would be necessary for this purpose, and it has amended the bill accordingly. Included with this report is the department's estimate of future costs.

HEARINGS

The Subcommittee on Buildings and Grounds conducted hearings on S. 971 on June 9, 1975 during which testimony was given by an Assistant Secretary of the Interior.

COMMITTEE VIEWS

The agreement between the Center and the National Park Service stipulates the latter must pay all costs relating to the public memorial aspects of the Center, computed in accordance with an hours-of-use formula at about 76 percent of the total. Included in these joint costs are janitorial, maintenance, and utilities services, plus the security costs paid fully by the Interior Department. The General Accounting Office, in a report presented to the Committee this year, noted that the Interior Department, which was in effect paying costs associated with the Center, had no authority to review or audit the Center's accounts. While the Center has made its books available, the General Accounting Office recommended that Interior have this audit authority, and Interior has testified on its usefulness in determining such things as the validity of the cost-sharing percentages.

Since Interior is a party to the agreement, the Committee believes it is more appropriate to have this review and audit function performed by an independent body. Therefore, the legislation provides that the General Accounting Office will review and audit the accounts of the Center. The Committee expects the General Accounting Office to make periodic reports to the appropriate Committees of the Congress and to the Interior Department.

While the Committee on Public Works has no direct authority over the performing arts function of the Kennedy Center, a thin line necessarily divides those functions from the memorial aspects of the building that are financed through this legislation by the American taxpayer. The Committee, therefore, recognizes its responsibility in assuring the public that the Center is capable of meeting all costs associated with the performing arts functions of the Center.

The Committee is greatly concerned over indications from the recent General Accounting Office report and hearings on this bill that the Center may be unable to meet its accumulated debt and to make necessary repairs, both outside the memorial aspects of the Center. This question will come into focus by 1978 when unpaid debts on the parking-garage bonds fall due; the interest due in 1978 is estimated at \$14.6 million.

The Committee urges that the Center and the Department of the Interior recognize what might be termed the precarious financial position of the Center and report, within one year, to the Congress on what efforts are and will be made by the Center to raise the funds needed to meet this debt, as well as to meet any costs of major repairs that may be necessary. Such a report should contain a detailed analysis of the Center's efforts to raise additional capital funds to cover such debts in order that the taxpayers will not be forced to assume the burden of such added and unnecessary costs.

ROLLCALL VOTES

Section 133 of the Legislative Reorganization Act of 1970 and the rules of the Committee on Public Works require that any rollcall votes be announced in this report. During the committee's consideration of this bill, no rollcall votes were taken, and the bill was ordered reported by voice vote.

COST OF THE LEGISLATION

Section 252(a)(1) of the Legislative Reorganization Act of 1970 requires publication in this report of the Committee's estimate of the cost of reported legislation, together with estimates prepared by any Federal agency. The following sums were recommended by the Administration:

Fiscal year 1976.....	\$2,800,000
July 1, 1976-September 30, 1976.....	741,000
Fiscal year 1977.....	3,100,000

AGENCY VIEWS

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., February 13, 1975.

HON. NELSON A. ROCKEFELLER,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed is a draft of a proposed bill authorizing further appropriations to the Secretary of the Interior for services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, and for other purposes.

We recommend that the bill be referred to the appropriate committee for consideration, and we recommend that it be enacted.

Section 10 of the Public Buildings Amendments of 1972 (86 Stat. 216, 222), approved June 16, 1972, added a new subsection (e) to section 6 of the John F. Kennedy Act, as amended. The new subsection directed the Secretary of the Interior, acting through the National Park Service, to provide maintenance, security, information, interpretation, janitorial, and all other services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts. It authorized such sums as may be necessary to carry out these functions, but only for the fiscal year ending June 30, 1973. Section 6 was further amended on July 10, 1973 by Public Law 93-67 (87 Stat. 161) which authorized sums to carry out the nonperforming arts functions of the Center through the fiscal year ending June 30, 1975.

The enclosed draft bill would amend the appropriation authorization in subsection 6(e) to delete the language limiting the authorization to fiscal year 1975, thus permitting the National Park Service to continue to receive appropriations after 1975 for carrying out the nonperforming arts functions for the Center.

On October 4, 1972, this Department entered into an agreement with the Board of Trustees for the Kennedy Center whereby interpretation and information services, maintenance services, and utilities and janitorial services, as related to the nonperforming arts functions, would be supplied by the Secretary.

The amounts authorized by the July 1973, amendment were: fiscal year 1974, \$2,400,000; and fiscal year 1975, \$2,500,000. At the time the \$2,400,000 for fiscal year 1974 was authorized on July 10, 1973, the electric bill for the Center was running approximately \$60,000 per month, or \$720,000 per year. The bill is now averaging \$82,400 per month, while the use of electric energy at the Center has been reduced by 30 percent. This results in an annual cost of about \$1,000,000. The

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National Park Service share of that cost is about \$670,000. A year ago, the National Park Service share of the annual cost was \$482,000. In addition, PEPCO is seeking a further rate increase of about 20 percent. We have reduced the lighting at the Center as much as possible, while still permitting continued use of the building.

The \$100,000 increase in fiscal year 1975 over fiscal year 1974 has been completely absorbed with a wage board and classified pay increase in excess of 5 percent and a police salary increase of 16 percent.

In addition, the amounts authorized did not provide for replacement of items such as floor carpeting and wall covering and equipment for the mechanical plant. It is now necessary to make some replacements of the floor carpeting and wall covering, which will cost approximately \$100,000 per year.

We have determined, that unless the present limitation is removed, the existing increase of \$188,000 for electricity, plus the pending rate increase, can only be absorbed through termination of the security personnel assigned to the theaters during the day, and through termination of the Park Service interpretation booths in each of the halls and on the roof-top. All interpretation at the Center would thus be left to the Friends of the Kennedy Center, although we would be able to continue to develop and coordinate audio services and hand-out materials. This public interpretive program is presently similar in quality to the program for other memorials in the Washington, D.C., area, such as the Washington Monument, and the Lincoln and Jefferson Memorials. No increase in the level of public service is proposed, except during the 3-month period when Bicentennial visitation will be at the highest level.

The only alternative to these cutbacks would be to close the Center one day a week. This action would require the concurrence of the Board of Trustees, and would require considerable advance notice.

We believe that these alternatives are inappropriate for the Kennedy Center, the official memorial to the late President Kennedy, and a Center of National reputation and importance. Visitation at the Center continues to exceed 2.5 million annually, and the Center attracts 15,000 to 20,000 visitors per day during the peak periods.

We urge timely and favorable action on the enclosed proposal in view of the approaching expiration of the appropriation authorization with which the proposed bill deals.

The Office of Management and Budget has advised that there is no objection to the presentation of this draft bill from the standpoint of the Administration's program.

Sincerely yours,

CURTIS BOHLEN,
Acting Assistant Secretary of the Interior.

Enclosure.

A BILL Authorizing further appropriations to the Secretary of the Interior for Services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the second sentence of subsection (e) of section 6 of the John F. Kennedy Center

Act (72 Sts. 1698), as amended, is amended to read as follows: "There are hereby authorized to be appropriated such sums as may be necessary for carrying out this subsection."

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., April 21, 1975.

HON. JENNINGS RANDOLPH,
*Chairman, Committee on Public Works,
United States Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in response to your request for the views of this Department on S. 971, a bill "Authorizing further appropriations to the Secretary of the Interior for services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, and for other purposes."

S. 971 embodies a Departmental proposal transmitted to the Congress on February 13, 1975. We strongly recommend that the bill be enacted.

Section 10 of the Public Buildings Amendments of 1972 (86 Stat. 216, 222), approved June 16, 1972, added a new subsection (e) to section 6 of the John F. Kennedy Center Act, as amended. The new subsection directed the Secretary of the Interior, acting through the National Park Service, to provide maintenance, security, information, interpretation, janitorial, and all other services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts. It authorizes such sums as may be necessary to carry out these functions, but only for the fiscal year ending June 30, 1973. Section 6 was further amended on July 10, 1973 by Public Law 93-67 (87 Stat. 161) which authorized sums carry out the nonperforming arts functions of the Center through the fiscal year ending June 30, 1975.

S. 971 would amend the appropriation authorization in subsection 6(e) to delete the language limiting the authorization to fiscal year 1975, thus permitting the National Park Service to continue to receive appropriations after 1975 for carrying out the nonperforming arts functions for the Center.

On October 4, 1972, this Department entered into an agreement with the Board of Trustees for the Kennedy Center whereby interpretation and information services, maintenance services, and utilities and janitorial services, as related to the nonperforming arts functions, would be supplied by the Secretary.

The amounts authorized by the July 1973, amendment were: FY 1974, \$2,400,000; and FY 1975, \$2,500,000. At the time the \$2,400,000 for FY 1974 was authorized on July 10, 1973, the electric bill for the Center was running approximately \$60,000 per month, or \$720,000 per year. The bill is now averaging \$82,400 per month, while the use of electric energy at the Center has been reduced by 30 percent. This results in an annual cost of about \$1,000,000. The National Park Service share of that cost is about \$670,000. A year ago, the National Park Service share of the annual cost was \$482,000. In addition,

PEPCO is seeking a further rate increase of about 20 percent. We have reduced the lighting at the Center as much as possible, while still permitting continued use of the building.

The \$100,000 increase in fiscal year 1975 over fiscal year 1974 has been completely absorbed with a wage board and classified pay increase in excess of 5 percent and a police salary increase of 16 percent.

In addition, the amounts authorized did not provide for replacement of items such as floor carpeting and wall covering and equipment for the mechanical plant. It is now necessary to make some replacements of the floor carpeting and wall covering, which will cost approximately \$100,000 per year.

Unless the present limitation is removed, the existing increase of \$188,000 for electricity, plus the pending rate increase, can only be absorbed through termination of the security personnel assigned to the theaters during the day, and through termination of the Park Service interpretation booths in each of the halls and on the roof-top. All interpretation at the Center would thus be left to the Friends of the Kennedy Center, although we would be able to continue to develop and coordinate audio services and hand-out materials. This public interpretive program is presently similar in quality to the program for other memorials in the Washington, D.C., area, such as the Washington Monument, and the Lincoln and Jefferson Memorials. No increase in the level of public service is proposed, except during the 3-month period when Bicentennial visitation will be at the highest level.

The only alternative to these cutbacks would be to close the Center one day a week. This action would require the concurrence of the Board of Trustees, and would require considerable advance notice.

We believe that these alternatives are inappropriate for the Kennedy Center, the official memorial to the late President Kennedy, and a Center of National reputation and importance. Visitation at the Center continues to exceed 2.5 million annually, and the Center attracts 15,000 to 20,000 visitors per day during the peak periods.

We urge timely and favorable action on S. 971 in view of the approaching expiration of the appropriation authorization with which the bill deals.

The Office of Management and Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely yours,

NATHANIEL P. REED,
Assistant Secretary of the Interior.

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., June 4, 1975.

HON. JENNINGS RANDOLPH,
*Chairman, Committee on Public Works,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: On April 21, 1975 this Department transmitted to you its views on S. 971, a bill "Authorizing further appro-

priations to the Secretary of the Interior for services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, and for other purposes." In our letter of that date we recommended that S. 971 be enacted without amendment.

While we continue to recommend that S. 971 be enacted, we would prefer that a specific dollar amount be substituted for the phrase "such sums as may be necessary" in the authorization. In addition, we have been advised by the Office of Management and Budget that provision should be made in this bill for wage increases and other mandatory items which may be authorized after its enactment. Accordingly, we recommend that S. 971 be amended by deleting all after the word "follows" in line 5 and inserting in lieu thereof the following language:

"There is authorized to be appropriated not to exceed \$2,575,000 for the fiscal year ending June 30, 1976, and not to exceed \$741,000 for the transition period ending September 30, 1976; *Provided*, that for the fiscal year ending June 30, 1976, and for the transition period ending September 30, 1976, there are authorized to be appropriated such additional amounts as may be necessary for increases in salary, pay retirement, and employee benefits authorized by law and other mandatory items which arise subsequent to the date of enactment of this Act."

This amendment would make S. 971 consistent with the President's fiscal year 1976 budget request for the nonperforming arts functions of the Kennedy Center.

The Office of Management and Budget has advised that there is no objection to the presentation of this supplemental report from the standpoint of the Administration's program.

Sincerely yours,

NATHANIEL P. REED,
Assistant Secretary of the Interior.

U.S. SENATE,
COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C., July 21, 1975.

GAO Report No.: B-154459, Operations of the John F. Kennedy Center for the Performing Arts.

SENATE COMMITTEE ON PUBLIC WORKS,
*Room 4202 Dirksen Senate Office Building,
Washington, D.C.*

DEAR MR. CHAIRMAN: Section 236 of the Legislative Reorganization Act of 1970 (31 U.S.C. 1176) requires that, when the General Accounting Office has made a report which contains recommendations to the head of any Federal agency, the agency must submit to this Committee a written statement of the action taken with respect to the recommendations within sixty days.

Because your Committee has jurisdiction over the subject matter of the GAO report captioned above, I wanted to inform you that the required agency statement of action taken has now been received.

Sincerely,

ABE RIBICOFF,
Chairman.

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., July 15, 1975.

HON. ABRAHAM A. RIBICOFF,
Chairman, Committee on Government Operations,
Washington, D.C.

DEAR MR. CHAIRMAN: We have reviewed the GAO report on the "Operations of the John F. Kennedy Center for the Performing Arts," April 11, 1975, B-154459, and generally agree with the recommendations made by the GAO.

Although the Department is limited by the Kennedy Center Act in the direct action it can take to implement the recommendations, the agreement with the Center is being revised for use in future negotiation to provide that:

1. The allocation formula be reviewed periodically and revised as necessary to insure that costs are properly allocated, and
2. The Department will have authority to make audits to verify cost incurred by the Park Service.

Sincerely,

JAMES T. CLARKE,
Assistant Secretary—Management.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no changes is proposed is shown in roman):

SECTION 6 OF THE JOHN F. KENNEDY CENTER ACT

ADMINISTRATION

SEC. 6. (a) The Board is authorized to adopt an official seal which shall be judicially noticed and to make such bylaws, rules, and regulations, as it deems necessary for the administration of its functions under this Act, including, among other matters, bylaws, rules, and regulations relating to the administration of its trust funds and the organization and procedure of the Board. The Board may function notwithstanding vacancies and twelve members of the Board shall constitute a quorum for the transaction of business.

(b) The Board shall have all the usual powers and obligations of a trustee in respect of all trust funds administered by it.

(c) The Board shall submit to the Smithsonian Institution an annual report of its operations under this Act, including a detailed statement of all public and private moneys received and disbursed by it.

(d) The Board shall transmit to Congress a detailed report of any memorial which it proposes to provide within the John F. Kennedy Center for the Performing Arts under authority of paragraph (5) of section 4 of this Act, and no such memorial shall be provided until the Board of Regents of the Smithsonian Institution shall have approved such memorial.

(e) The Secretary of the Interior, acting through the National Park Service, shall provide maintenance, security, information, interpretation, janitorial and all other services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts. There [are hereby] is authorized to be appropriated [for the purposes of carrying out this subsection, not to exceed \$2,400,000 for the fiscal year ending June 30, 1974, and \$2,500,000 for the fiscal year ending June 30, 1975.] *not to exceed \$2,800,000 for the fiscal year ending June 30, 1976, not to exceed \$741,000 for the transition period ending September 30, 1976, and not to exceed \$3,100,000 in the fiscal year ending September 30, 1977.*

(f) *The General Accounting Office is authorized and directed to review and audit, regularly, the accounts of the Kennedy Center for the Performing Arts, for the purpose of determining the continuing ability of the Center to pay its share of future operating costs, and for the purpose of assuring that the cost-sharing formula fairly and accurately reflects the use of the building.*

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(.)

Ninety-fourth Congress of the United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Tuesday, the fourteenth day of January,
one thousand nine hundred and seventy-five*

An Act

To authorize appropriations for services necessary to nonperforming arts functions of the John F. Kennedy Center.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (e) of section 6 of the John F. Kennedy Center Act is amended by adding at the end thereof the following: "There is authorized to be appropriated to carry out this subsection not to exceed \$2,800,000 for the fiscal year ending June 30, 1976, \$741,000 for the transition period ending September 30, 1976, and \$3,100,000 for the fiscal year ending September 30, 1977."

SEC. 2. Section 6 of the John F. Kennedy Center Act is amended by adding the following new subsection:

"(f) The General Accounting Office is authorized and directed to review and audit, regularly, the accounts of the Kennedy Center for the Performing Arts, for the purpose of determining the continuing ability of the Center to pay its share of future operating costs, and for the purpose of assuring that the cost-of-living formula fairly and accurately reflects the use of the building."

~~*Speaker of the House of Representatives.*~~

*Vice President of the United States and
President of the Senate.*

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October 9, 1975

Dear Mr. Director:

The following bills were received at the White House on October 9th:

H.R. 5708 ✓
H.R. 6151 ✓
H.R. 8121 ✓
H.R. 8561 ✓

Please let the President have reports and recommendations as to the approval of these bills as soon as possible.

Sincerely,

Robert D. Linder
Chief Executive Clerk

The Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D. C.