



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

May 21, 2003

**S. 888**

**Museum and Library Services Act of 2003**

*As ordered reported by the Senate Committee on Health, Education, Labor, and Pensions  
on May 14, 2003*

**SUMMARY**

S. 888 would reauthorize programs under the Museum and Library Services Act of 1996 that were authorized through 2002. Programs were authorized for 2003 by the Consolidated Appropriations Resolution, 2003 (Public Law 108-7). S. 888 would reauthorize these programs through 2009.

S. 888 also would increase total indemnity limits under the Arts and Artifacts Indemnity Act from \$5 billion to \$8 billion. CBO estimates that enacting S. 888 would result in a negligible amount of direct spending over the 2003-2009 period.

CBO estimates that authorizations under the bill would total \$292 million in 2004 and about \$1.8 billion over the 2004-2009 period, assuming that annual levels are adjusted for inflation when specific annual authorizations are not provided. (Without such inflation adjustments, the authorizations would total about \$1.7 billion over the 2004-2009 period.) CBO estimates that appropriations of the authorized levels would result in additional outlays of \$1.5 billion over the 2004-2009 period, if inflation adjustments are included (and about \$1.4 billion without inflation adjustments).

S. 888 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments. This bill would benefit states and other participating entities by authorizing grant funding for updating museum and library services. Any costs incurred by states to participate in this program would be voluntary.

## ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 888 is shown in the following table. The costs of this legislation fall within budget function 500 (education, training, employment, and social services). CBO's estimate of authorized levels is the authorized amount for 2004 with those amounts inflated in later years. The estimated outlays reflect CBO's current assumptions about spending patterns in the authorized programs.

	By Fiscal Year, in Millions of Dollars						
	2003	2004	2005	2006	2007	2008	2009
<b>SPENDING SUBJECT TO APPROPRIATION <sup>a</sup></b>							
Spending Under Current Law							
Budget Authority <sup>b</sup>	244	0	0	0	0	0	0
Estimated Outlays	231	185	71	0	0	0	0
Proposed Changes:							
Library Services							
Estimated Authorization Level	0	250	255	260	266	272	278
Estimated Outlays	0	53	169	254	260	265	271
Museum Services							
Estimated Authorization Level	0	42	42	43	44	45	46
Estimated Outlays	0	12	42	43	43	44	45
Total Proposed Changes							
Estimated Authorization Level	0	292	297	304	310	317	324
Estimated Outlays	0	65	210	297	303	310	316
Total Spending Under S. 888							
Budget Authority /Authorization Level <sup>b</sup>	244	292	297	304	310	317	324
Estimated Outlays	231	249	281	297	303	310	316

NOTE: Components may not sum to totals because of rounding.

- a. S. 888 also would affect direct spending, through the arts indemnity program; but CBO estimates that those costs would be less than \$500,000 a year.
- b. The 2003 level is the amount appropriated for that year for the library and museum services programs.

## **BASIS OF ESTIMATE**

S. 888 would reauthorize programs created under the Museum and Library Services Act. Both the Library and Museum Services programs would be reauthorized at specific levels for 2004 and for such sums as may be necessary for 2005 through 2009.

S. 888 would authorize the appropriation of \$292 million in 2004. CBO estimates that the bill would authorize total funding of \$1.8 billion over the 2004-2009 period assuming that amounts provided after 2004 are adjusted for inflation. If the authorized amounts are appropriated, outlays would increase by \$65 million in the first year and by \$1.5 billion over the six-year period. (Without inflation adjustments, the increased authorizations would result in outlays of \$1.4 billion over the six years.)

S. 888 also would increase total indemnity limits under the Arts and Artifacts Indemnity Act from \$5 billion to \$8 billion. CBO estimates that enacting S. 888 would result in a negligible amount of direct spending over the 2003-2009 period.

### **Spending Subject to Appropriation**

**Office of Library Services.** The Office of Library Services within the Institute of Museum and Library Services provides funding to public libraries through state formula grants so that libraries can promote wider access to learning and information. Competitive grants are also available for libraries that submit innovative ideas to improve information access. The program also supports collaborative activities between museums and libraries. The bill would authorize the Library Services program at \$250 million in 2004 and such sums as may be necessary for the 2005-2009 period. CBO estimates the total funding for the 2004-2009 period would be about \$1.6 billion, assuming adjustments for inflation, with resulting outlays of \$1.3 billion over those six years.

**Office of Museum Services.** The Office of Museum Services provides competitive grants to museums to improve museum programs and operations. The bill would reauthorize the current program at \$42 million in 2004 and such sums as may be necessary for each of the following five years. For this program, CBO estimates the total funding for the 2004-2009 period would be \$262 million, assuming adjustments for inflation, with resulting outlays of \$230 million over those six years.

The bill also would add a National Museum and Library Services Board within the Institute of Museum and Library Services, allow the director to grant national awards to libraries and museums that have made significant contributions in service to their communities, and would

instruct the director to report on the impact of the Museum and Library Services programs. Funding for the board's activities would come out of the amounts authorized for the Office of Library Services and the Office of Museum Services.

### **Direct Spending**

S. 888 would increase total indemnity limits under the Arts and Artifacts Indemnity Act from \$5 billion to \$8 billion. The bill also would increase the limit for a single exhibition from \$500 million to \$600 million and would change the deductible limits. The Arts and Artifacts Indemnity Act authorizes the Federal Council on the Arts and Humanities to enter into agreements to cover certain eligible works of art while these objects are traveling on exhibition in the United States or abroad. Coverage includes the time the objects are in transit and while they are on exhibition.

According to information from the National Endowment for the Arts, there have been two claims totaling \$105,000 since 1976, the first year of the program. Loss or damage claims are first paid out of the Arts and Artifacts Indemnity Fund—a gifts and donations fund for this purpose. The fund currently has a balance of \$280,000, but CBO judges that the costs to the government are not limited by the balances in the fund. Although the government would be exposing itself to more risk if the indemnity limits were raised \$3 billion, CBO estimates that such spending would be less than \$500,000 in each fiscal year.

### **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

S. 888 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. This bill would benefit states and other participating entities by authorizing grant funding for streamlining and updating museum and library services. Any costs incurred by states to participate in this program would be voluntary.

### **PREVIOUS CBO ESTIMATE**

On February 24, 2003, CBO transmitted a cost estimate for H.R. 13, the Museum and Library Services Act of 2003, as ordered reported by the House Committee on Education and the Workforce on February 13, 2003. H.R. 13 would authorize slightly less funding for museums and libraries and would not amend the Arts and Artifacts Indemnity Act.

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