

## memorandum

DATE: December 14, 1977

REPLY TO  
ATTN OF: Geoffrey Marshall, Office of State Programs

SUBJECT: Analysis of Some Current Circumstances of the Federal/State Program

TO: Federal/State Partnership File

The following material is based on information contained in the panel book for the NEA Federal/State Program, November 2-4, 1977.

I. Budget

The Federal/State Program consists of six budget categories. The largest is the "Basic State Agency Grant" (BSAG), determined by a formula contained in NEA legislation. The other categories are:

- A. Program Development -- "opportunities to obtain increased staff assistance in order to develop ...program capabilities" of state arts agencies (SAAs).
- B. Regional Programs -- support for SAAs working cooperatively on a multi-state basis.
- C. Community Development -- funds for SAAs "for the promotion and development of Community Arts Agencies".
- D. Services to the Field -- funds to "national service organizations"; "regional coordinators"; regional and national meetings; SAA staff travel; technical assistance to SAAs.
- E. General Programs -- "pilot projects or other proposals that meet special needs or unique opportunities which cannot be accommodated through other program categories."

The budget for these programs in FY '77 and '78 is as follows:

	<u>1977</u>	<u>1978</u>
BSAG	\$11,157,000	\$13,365,000
Program Development	802,720	600,000
Regional Programs	2,175,700	1,137,500
Community Development	738,570	1,000,000
Services to the Field	748,824	960,000
General	<u>118,000</u>	<u>100,000</u>
	\$15,740,814	\$17,162,500



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SAA's make specific application for all programs other than BSAGs. Apparently not all states apply for all programs each year. There are additional guidelines in most programs -- e.g., there are upper limits to Community Development grants; SAA's may apply for support for the same position through Program Development for only two years.

Program Development applications seek funds for community specialists; Folk Art/Craft coordinators; education directors; secretaries, music directors, etc.

In '77, other NEA programs made grants to SAA's:

Artists-in-Schools	\$4,108,182
Dance Touring	2,005,245
Expansion Arts	214,520
Theatre	302,000

## II. Regional Coordinators

This program began in 1972. At present there are 10 regional coordinators. Each coordinator serves a specific geographical region-- e.g., Southwest; WY, UT, CO, AR, NM. The program is described as "a national service program of the NEA... ." It provides "information and consultative services to artists, arts organizations, and to the Endowment." The coordinators are described as "field representatives of the Arts Endowment".

The coordinators serve both the constituency and the Arts Endowment. They serve the latter by being a channel of information "about the needs and concerns of artists and arts organizations, the effectiveness of Endowment programs, and alerting the Arts Endowment to regional and national trends."

This panel book contains a detailed analysis of the regional coordinators program, setting out long and short range goals for the program, as well as a management by objectives grid (with detailed and quantifiable objectives in terms of process as well as product). Also suggested is a workplan and timetable for implementation.

Included in the objectives for the coordinators is: "assistance, on the request of state arts agencies, with the design of political advocacy plans... ." Also, the coordinators are to "solicit and coordinate field responses to proposed Arts Endowment policies."

The budget for this program is \$600,000 in FY '78. The budget is part of the Services to the Field category.

### III. Arts at the Community Level

The panel book contains a report entitled, "The Arts at the Community Level," prepared by a consultant, James Backas. The report states that there are presently 1,800 community arts agencies (CAAs), of which Backas estimates one-third to one-fourth are "currently effective and valuable in their communities." 124 CAAs have budgets in excess of \$100,000 per year; 230 are agencies of local government. The number of CAAs varies considerably from state to state: Idaho has one, North Carolina has 80. 25% of the community arts agencies operate a performing arts center or other arts facility.

Neither the Backas report nor another report apparently prepared by the Federal/State staff for NEA Council consideration offers recommendations. Both struggle: with a definition of "community arts"; with the fact that much support for the CAAs comes through the SAAs and is therefore difficult to trace; and with the wide disparity in capacity and performance of the CAAs.

Perhaps the most significant expression of CAA desires at the moment is stated in minutes of a discussion as, "CAAs still want a spoken conscious recognition from the Endowment to participate in a cooperative planning mechanism." In other words, the CAAs would like to be a line item in the Federal/State budget and to have a formal voice of some type, either with the Federal/State panel or with the NEA Council.

### IV. Services to the Field

Grants are made through this program to support regional and national service organizations. The major item in FY '77 appears to be \$160,000 to the American Council for the Arts for "continuing support of ACA's basic program of assistance for state, community, and other arts organizations including seminars, a national meeting, ACA Reports... ."

There is also a \$41,150 grant to the National Assembly of State Arts Agencies for "second-year support, including support of the national office and staff". A non-matching grant of \$75,000 was made to the American Council for the Arts for support of activities associated with a large-scale, year-long reassessment of the Federal/State program, including meetings, travel, consultants, publications. (The results of the reassessment were part of the Federal/State panel consideration in July, 1977. OSP has a copy of the report.)

## V. Possible Changes in Program

Included with the panel book is the report of a Funding/Grantmaking Task Force, dated October 31, 1977. The charge to this task force was apparently to develop "goals for the policy and program directions that emerge from the reassessment process." What follows is a sampling of the recommendations of the Task Force, highlighting policies that have direct parallels or contrasts with NEH OSP policy:

The Task Force recommends --

- clarification of the fact that "there is no expectation in the law for matching the BSAG with state-appropriated funds";
- seeking supplemental appropriations from Congress to make possible advance funding of SAAs for two or three years;
- that the Chairman eliminate the \$15,000 administration ceiling on the BSAG, and that NEA instead use an indirect cost rate with SAAs, and recognize direct personnel and other program costs;
- study of possible awards beyond the BSAG, and consideration of other NEA programs that might function well through decentralization;
- elimination of the restriction to only two years of funding for a position through Program Development;
- making Program Development a non-matching program in FY '79;
- elimination of Program Development in FY '80, making the sums available as part of the BSAG;
- funding the Regional Coordinators through the Chairman's Office, and outside the 20% required by law for the Federal/State Program because the Regional Coordinators, by definition, serve Endowment-wide activities;
- elimination of the line for SAA travel and increase the BSAG;
- elimination of the General Program, and increase of the BSAG;
- institution of a program of year-long sabbatical leave for SAA staff (called a State Fellowship Program).

## VI. Some Reflections

The Federal/State program is obviously fundamentally different administratively from the NEH state program. Although no historical data are available through this panel book, apparently the NEA has always provided basic block grants to state arts councils, and then offered all additional funding through competitive, or apparently competitive programs. NEH, on the other hand, has made grants to the state committees with all of the available budget. No additional competitive programs have ever been developed.

One consequence of the NEA structure is NEA "control" of the program in the states, at least in the sense that NEA has developed the guidelines for each of the competitive programs, conducts the panel meetings, and makes comment on applications. The effect of this pattern, to judge by the panel book, is pressure to eliminate some competitive programs and distribute the money involved evenly to all of the states as part of the BSAG. The SAAs, in other words, want to make their own decisions about how to use the money.

The SAAs are restive under the current restrictions on administrative budgets. If NEA accepts an indirect cost rate, and allows for certain direct personnel costs, the amount of direct support of administration can be expected to increase significantly.

The NEA has, in effect, a 21-person staff dealing with SAAs. The Regional Coordinators are described as serving all of the Endowment programs, but the management by objectives statement makes it plain that the bulk of a coordinator's time is spent with SAAs. The Federal/State office has a staff of 11. Setting aside the question of service to the SAAs, the Regional Coordinator Program is a means to extend services without obligating administrative funds, and this mechanism deserves consideration by NEH. Such a consideration would take into account all NEH programs, not just the state program.

The NEA provides substantial and continuing support of national service organizations. These organizations provide national meetings, newsletters, workshops, and so on. The panel book is not clear, but apparently most of these grants require matching. The source and nature of the matching is unknown to me. Some reports make it clear, however, that the American Council for the Arts has had substantial deficits for several years, and is currently attempting to put its fiscal house in order.

The obvious impression one has from reading these materials is that the NEH state program is in every way superior to the Federal/State Program administratively. The total OSP budget is in the hands of the state committees; the administrative allowance is more realistic; the autonomy of the committees in terms of program is greater. On the other hand, the NEA program appears to provide more extensive and more vigorous service to the state and community constituency. The NEA pattern of grants makes possible workshops and publications of a kind not paralleled by NEH.

NEH will have to consider the proper division of roles between it and the Federation of Public Programs so far as service is concerned, but we should at least attempt to define what services might be offered, and then consider how to provide them.