

ADVANTAGES AND DISADVANTAGES OF A FORMULA FOR SIZE OF GRANT TO STATE

I have come to the conclusion, tentatively, that there are no advantages to a formula (in the immediate future) that cannot be better achieved by a different method, and that there are serious disadvantages. The following page of funny figures illustrates what I mean, but let me summarize advantages and disadvantages here:

Advantages:

1. Equity among states in a way that is clearly perceptible to states, politicians, etc.
2. Capacity to recognize that California needs more money to mount a state-based program than Wyoming does, and to respond.
3. Differentiates us from Arts Endowment program, possible in a relatively attractive way politically, and also associates us with other "educational" agencies (primarily OE) in the Congressional (and possibly the public) mind.
4. Certain kinds of decisions become mechanical, and therefore ease the task of program administration.

Disadvantages:

1. Because we started with states of low population in first instance, requires us to be hardest on our most experienced state-based groups (see attached sheet). Not a long-term disadvantage, but a disadvantage in FY 72.
2. Doesn't permit us to reward performance---in states of the same population, one group may be much more aggressive in generating a program than the other; why the same amount of money? Another related point: if Wyoming, with 300,000 people, runs a great program, why not give them lots; if California, with 20 million people, is bobbling, why not hold them at a stable level until they're doing well?
3. May affect NEH control of realities of program, by creating a climate in which incentive to perform extra well in order to demonstrate need for larger grant, will be lost. Related to disadvantage 2, but a slightly different point.
4. Above all philosophically, starts us down road to not evaluating hard-nosedly and putting our dollars where our judgment is.
5. Above all pragmatically, gets us into juggling amounts arbitrarily at the FY 72 level of total funding (\$2.4 million; see attached sheet for elucidation of this point).

Possible solution:

Treat equal grant amount to all states in FY 72 and FY 73 as a growing base amount; then after all states are funded, put a formula on top of the 50-state "base" amount.