

Federal Budget Cuts To Culture: How Keen the Axe?

by Lyman Collins

In its 1981-82 performing season, the Frank Holder Dance Company of Greensboro had to reduce its planned out-of-state travel schedule. The reason? Less federal money available for the arts. "We are spending less time touring and more time here in the Triad area," says Holder Company Executive Director Louis Hrabovsky. The National Endowment for the Arts (NEA) rejected a \$35,000 grant proposal from the Holder Company. This proposal represented almost 10 percent of the Holder Company's \$371,000 annual budget. Without such funds, this widely acclaimed dance company may be hard pressed to continue serving as a roving ambassador for North Carolina.

The Holder Company does not represent an isolated example of how federal budget cuts are affecting North Carolina. From Fiscal Year (FY) 1980 to FY 1981, total funds from the National Endowment for the Arts to North Carolina declined by 25 percent. From 1981 to 1982, another decrease of 32 percent took place in NEA funds coming to the state. Put another way, in just two years, from 1980 to 1982, *one of every two dollars of National Endowment for the Arts funds available to North Carolina artists vanished.*

The two tables below detail how federal cutbacks have affected North Carolina. Table 1 summarizes the funding to North Carolina from the National Endowment for the Arts, the federal government's chief source of funds for the arts. Table 2 highlights the drop in all federal funds that come through the N.C. Department of Cultural Resources and the N.C. Symphony, including funds for the arts, libraries, and archives and history. In order to show a trend in federal cutbacks since the beginning of the Reagan administration in January 1981, the tables show reductions from FY 80 to FY 81 and from FY 81 to FY 82, rather than combining the two years.



The Frank Holder Dance Company: Travel reduced by the National Endowment for the Arts.

The National Endowment for the Arts (NEA)

The NEA channels money to the 50 states in two ways. First, NEA relies on its three "national programs"—a Basic Grant to all 50 states, its Dance Touring Program, and its Artists-in-Education effort. In North Carolina, all of this NEA money goes through the N.C. Department of Cultural Resources (DCR) to arts groups throughout the state. Second, the NEA distributes money through specific project grants, which may go to state agencies or directly to individual artists or private organizations in North Carolina. Artists and arts groups can apply to the NEA in any of 15 categories—from design to dance, music to museums, folk art to opera.

In February 1981, just two months after taking office, the Reagan administration proposed cutting the overall NEA budget by \$88 million or 44 percent. An outcry from arts groups and supporters convinced Congress to hold the reduction to 9 percent. But this was only part of the damage. "It's not so much the effect of the cuts as the feeling of uncertainty," explains N.C. Arts Council Executive Director Mary Regan. "All of the talk of budget cuts has caused arts groups to become conservative. I'm really afraid we'll lose what we've gained in innovation."

A close review of the figures in Tables 1 and 2

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shows that artists in North Carolina have some valid reasons for their fears. In 1982, for example, 209 artists and arts groups in the state applied to the NEA for grants. Only 58 of these grants (about 1 of every 4) were approved—53 to individuals and private groups, and 5 to the Department of Cultural Resources (see Table 1, "Number of Grants"). The impact appears even more severe in terms of dollars, especially for individual artists and groups. In FY 1980, N.C. artists and arts groups not under DCR received 81 grants totaling \$1.7 million dollars in NEA funds. In 1981, these figures decreased to 67 grants received and \$1.2 million; by 1982 the numbers shrank to 53 grants and \$700,000—a 41 percent drop in funds in a single year (see Table 1).

The impact on the N.C. Arts Council has been somewhat lighter. From 1980 to 1981 NEA funds to the Arts Council actually increased slightly (from \$581,000 to \$588,000) but in 1982 declined 12.7 percent (to \$513,000)—(see Table 1). The overall decline in NEA funds to North Carolina—combining the NEA national programs, the individual grants to DCR, and the individual grants to artists and art groups—was

25 percent from 1980 to 1981 and another 32 percent drop in 1982 (see Table 1).

These reductions in NEA funds must be viewed in the context of more than just the Reagan administration's budget-cutting philosophy, however. In early 1981, the administration announced plans for major funding cuts in the arts. This announcement functioned as a kind of deterrent to arts groups in applying for more federal dollars. "Because of all the talk of budget cuts, there has been a general decline in applications from organizations which assume they won't be funded anyway," says Robert Hollister, NEA southeastern regional representative. Lawrence Wheeler, deputy secretary for Cultural Resources, echoes that sentiment. "There is still a lot of money we could get from the Endowment. If we haven't gotten it, it's because of our own lack of initiative." For FY 83, the Reagan administration again proposed cutting NEA's budget, this time from \$143.0 million to \$100 million. But again, strong pro-NEA lobbying in Congress prevailed. In December, the lame duck Congress even voted NEA a small increase, to \$143.9 million.¹

Table 1. National Endowment for the Arts Funding to North Carolina (Federal FY 1980-82)

	FY 1980	FY 1981	FY 1982	Percent Change	
				80-81	81-82
I. Number of Grants					
A. Department of Cultural Resources (DCR) ¹	7	6	5		
B. N.C. Artists and Organizations	<u>81</u>	<u>67</u>	<u>53</u>		
C. Total No. of Grants	88	73	58	-17.0	-20.5
II. Amount of Funds					
A. Department of Cultural Resources (DCR)					
1. N.C. Arts Council ²	\$ 580,808	\$ 587,924	\$ 513,252		
2. Other ³	<u>78,052</u>	<u>587,924</u>	<u>513,252</u>		
Total DCR	658,860	587,924	513,252	-10.7	-12.7
B. N.C. Artists and Organizations not under DCR ⁴	1,735,925	1,185,772	699,316	-31.6	-41.0
C. Total Amount of Funds	2,394,785	1,773,696	1,212,568	-25.1	-31.7

¹Three of the DCR grants in each year were the NEA national programs—the Basic State Grant, Artists-in-Schools Program, and Dance Touring Program—which were awarded directly to the N.C. Arts Council.

²Includes Basic State Grant, Artists-in-Schools Program, Dance Touring Program and individual project grants for which the N.C. Arts Council applied.

³In 1980, "other" includes grants for the N.C. Office of Folklife Programs. In 1981, this agency became part of DCR's Division of the Arts Council. Consequently, the "other" amount ended in 1981.

⁴Includes statewide/regional groups like the N.C. Dance Theatre, Charlotte Symphony, N.C. Symphony, etc.; local groups like the Winston-Salem Arts Council; independent presses like Carolina Wren Press; individual artists; and museums.

Source: National Endowment for the Arts Reports: "Grants by State/Program: Fiscal 1980 including Project Descriptions," Report No. NGS411, pp. 791-808; "Grants by State/Program: FY 1981," Report No. GMS89A, pp. 336-343; "Grants by State/Program Fiscal 1982," Report No. NMS89E, pp. 1-9.

Federal Funding to the Department of Cultural Resources

Arts Council. Table 2 details the extent of the federal cuts in the three main divisions of the N.C. Department of Cultural Resources—arts, libraries, archives and history—and in the N.C. Symphony. The Division of the Arts Council receives all its federal funds from the NEA. Consequently, the Arts Council funding levels listed on the first line of Table 2 are the same as those on the fourth line of Table 1. Table 2 also shows the percent of the Arts Council budget that comes from the NEA.

Libraries. Since 1956 the Library Services Act (now the Library Services and Construction Act, or LSCA) has provided the only direct federal support for public state library services. Enacted to help extend public library service to the nation's rural areas, LSCA now addresses the library needs of special populations and interlibrary cooperation, as well as the original purposes. All LSCA funds are administered by the Division of State Library.

In 1981, the Reagan administration proposed cutting the Library Services and Construction Act by 30 percent. A strong grassroots lobby for libraries, led by the American Library Association, persuaded Congress to limit the LSCA reduction in 1982 to only 4 percent. In North Carolina, the Division of State Library within DCR actually received an 11 percent increase in federal funds for FY 81 and only a 2.8 percent cut in FY 82 (see Table 2). But the future looks cloudy. LSCA is administered through the U.S. Department of Education, proposed by the Reagan administration to be abolished. In the meantime, the administration proposed zero funds for LSCA in FY 83. If the Reagan plans materialize, North Carolina will feel severe effects. In FY 82, one of every five dollars in the Division of State Library budget came from LSCA funds (see Table 2, percent of division budget from federal funds).

Assistant State Librarian Jane Williams said the talk of budget cuts has affected spending patterns. "We're spending more now for short-term projects rather than multi-year programs because we don't know if the money will be there for a long period of time."

Only five percent of federal money goes into administrative costs for the division. The rest is spent in direct grants to public libraries and on programs that the division administers statewide. Williams said the immediate impact on the local level of no LSCA funds would not be severe, but smaller public libraries would eventually be most affected because they rely heavily on many of the statewide services supported by LSCA. For example, the state provides local libraries and

citizens with materials for the blind and others with physical handicaps. Other statewide services that would be affected include the summer reading program for children, film services, information/reference and interlibrary loan services, and other interlibrary cooperation programs. It would be impractical for smaller libraries to try to duplicate the services of the State Library and other libraries that provide statewide services.

From Fayetteville, for example, the N.C. Foreign Language Center, a part of the Cumberland County Public Library, serves libraries throughout the state with books, recordings, and periodicals in a wide variety of languages. Totally supported by LSCA funds coming through the State Library, the center would in effect disappear if federal funds were eliminated, says its director, Pat Valentine. Although the center's annual budget has increased, inflation and rising postage costs use up most of those increases. "We provide a legitimate service not only to native Americans who may not speak English but to refugees and immigrants who are enriching the cultural fabric of the nation," explains Valentine. "They have a right to library service too."

If the budget were cut drastically—as the Reagan administration has proposed—the division would be hard pressed to continue many services. "We couldn't do all we do now on the state budget allocation," says Williams. "Given what the legislators and the Governor are saying . . . , well, we hear no encouraging word about [the state] making up the differences."

Thus far the national library lobby has been successful in persuading Congress to continue federal funding. Most recently, in December of 1982, the lame duck session of Congress refused to go along with Reagan's proposal to eliminate LSCA funding and voted the same \$71.5 million that the program received in FY 82.²

Archives and History. This division has not been so fortunate with regard to the budget cuts. From 1980 to 1981, the amount of federal money the division received declined by more than 54 percent; another decline of 18 percent followed in 1982 (see Table 2). The only significant federal money going to this division comes from the Historic Preservation Fund of the U.S. Department of the Interior. The Reagan budget cutters proposed in 1981 to eliminate this program entirely, but preservation advocates managed to limp out with a cut of "only" 29 percent at the national level.

Lloyd Childers, grants and aid administrator for the Division of Archives and History, said the cuts had dramatically altered the way the division spends its federal funds. In 1980, over half the federal money, some \$800,000, was distributed throughout the state in three different

**Table 2. Federal Funding to N.C. Dept. of Cultural Resources (DCR)
and N.C. Symphony (Federal FY 1980-82)**

	FY 1980	FY 1981	FY 1982	Percent Change 80-81 81-82	
Divisions of DCR					
Arts Council	580,808	587,924	513,252	+1.2	-12.7
% of budget from federal funds	28%	27%	24%		
State Library	1,613,388	1,791,621	1,741,163	+11.0	-2.8
% of budget from federal funds	20.4%	22.2%	19.9%		
Archives and History ¹	1,610,227	737,064	605,024	-54.2	-17.9
% of budget from federal funds	20.7%	11%	7.6%		
Divisions Total ²	3,804,423	3,082,294	2,824,439	-19.0	-8.4
N.C. Symphony	202,500	75,000	60,000	-62.9	-20.0
% of budget from federal funds	9.7%	3.6%	2.7%		

¹All the federal money listed here went into the Archaeology and Historic Preservation Section.

²Other federal funds came directly into DCR, but according to DCR Fiscal Officer Mary Cornick, these amounts represent a variety of small funds that "pass through" the department each year. Changes in these funds, says Cornick, do not represent the effects of federal budget cuts.

Sources: National Endowment for the Arts and N.C. Department of Cultural Resources.

grant categories: survey and planning, predevelopment, and acquisition and development. By 1982, less than 10 percent, or about \$60,000, of the federal funds were spread across the state as grants. Archives and History has been forced to put more money into administering the program to meet various federal requirements, says

Local citizens hope to continue restoration work on the Cabarrus County Court House despite federal budget cuts in historic preservation.



Courtesy N. C. Division of Archives and History

Childers. For example, staff must monitor the progress of local projects to insure compliance with federal standards. The field money still available goes primarily for the evaluation and protection of non-state-owned historic resources. When federal money was plentiful, Childers fondly remembers, demand for that money rose tremendously. "We built up excitement and anticipation—and a constituency. But now we have to say, 'Sorry.'"

In recent years most historic preservation funds came to DCR for acquisition and development. But in 1982 the Fund, after its budget was cut, eliminated entirely the acquisition and development category. The division of Archives and History prior to the 1982 cuts had planned to fund six major development projects in locations ranging from Cabarrus to Carteret counties. But after this category ended, none of these six received any federal monies. According to Childers, most of the six projects may be able to proceed, but the future—due to lost federal funds—looks bleak for several projects.

The historic preservation reductions reflect a change in federal philosophy. Tax credits for persons who restore historic properties for commercial purposes have replaced the old federal approach of grant programs. With such emphasis on commercial development, says Childers, "the rich get richer and the poor get poorer. You have to be rich to take advantage of this program. For the private homeowner or private organization, forget it. There is nothing."

For fiscal 1983 the Reagan administration again proposed to eliminate all funding for historic preservation. But the lame duck Congress, again lobbied hard by preservationists, voted a slight increase in the Historic Preservation Fund for a total budget for 1983 of \$26 million. Reagan signed the bill into law on December 30, 1982.³

Other Federal Funds to the Arts

The North Carolina Symphony, which receives some state funding through DCR, also relies on the NEA for support. In 1980, NEA awarded the Symphony a \$200,000 challenge grant "to help eliminate accumulated deficits, to augment an endowment, and to meet increased operating costs associated with performances, education programs, and development." In 1980 the Symphony received an additional \$2,500 from the Endowment to support educational programs. In 1981 and 1982, the Symphony received one grant each year for \$75,000 and \$60,000, respectively.

Federal support for the arts and arts-related ventures has come from sources other than just NEA, LSCA, and the Historic Preservation Fund. In recent years, for example, the National Endowment for the Humanities has given individuals money to conduct research in music and art, has given the American Dance Festival \$2,000 to study the history of modern dance, and has granted Old Salem \$10,300 to study the history of folk medicine in North Carolina. The U.S. Department of Education has helped fund some artists-in-schools programs. In a few cases, another source of arts-related funding has been the Economic Development Administration (U.S. Department of Commerce), which in Winston-Salem helped with the revitalization of the downtown area near the new Roger L. Stevens Center for the Performing Arts. As the general trend toward federal cutbacks continues, most if not all of these programs will also be reduced.

Can the State Budget Respond?

The major impact of the arts cutbacks thus far has been on private groups and individual artists. With fewer federal funds available, many are beginning to come to the state for funds. "They are really out there looking for dollars," says Arts Council Director Mary Regan. "But the legislature's stance is: Don't come to us because of the federal cuts."

Two strategies appear to be unfolding regarding an increase in state dollars for the arts. Secretary of Cultural Resources Sara Hodgkins says that she will ask for some increases. "We know that state revenues are down, so I have been very selective about my budget requests," says Hodgkins. "I am asking for some increased

funds for our Statewide Arts Resources Program, because these are the [individual arts] groups that have been mainly affected by the cutbacks at the federal level." The 14 arts groups which get funding through the Statewide Arts Resources Program also rely extensively on NEA grants that go directly to the programs (see article on page 72 for more on this DCR program).

Individual arts groups are not putting all their hopes in the Department's plea for funds, however. More and more groups are going directly to the legislature for funding through what's known as a "special appropriations bill." Special bills are separate from the main appropriations bill, which includes the DCR budget. Special bills are usually enacted at the very end of a legislative session as a way to distribute whatever surplus monies that can be found (see chart on page 8). In the 1982 session, the Frank Holder Dance Company received two grants of \$25,000 through special bills. "That money was a matter of life and death for us," said Holder Director Hrabovsky. "Luckily the Guilford County [legislative] delegation had the political clout to pull it off."

Regardless of the success that Secretary Hodgkins might have through the normal budget process or that local groups might have with special bills, the state will not be able to replace the federal cuts in the arts. The state faces a severe revenue pinch itself and other higher profile priorities—like teachers' and state employees' salary increases—will take what extra resources that can be found. Moreover, as Mr. Hrabovsky of Greensboro views it, the federal cuts in the arts must be seen in a broader context.

"Arts funding represents not only money but a philosophy," says Hrabovsky. "The arts are what this country will be remembered by, not whether we developed a certain type of bomber." □

FOOTNOTES

¹P.L. 97-377, Further Continuing Appropriations, Fiscal Year 1983 (House Joint Resolution 631, 97th Congress).

²Ibid.

³P.L. 97-394, Interior and Related Agencies Appropriations for Fiscal Year 1983 (H.R. 7356).