emphasis of its Challenge Program.

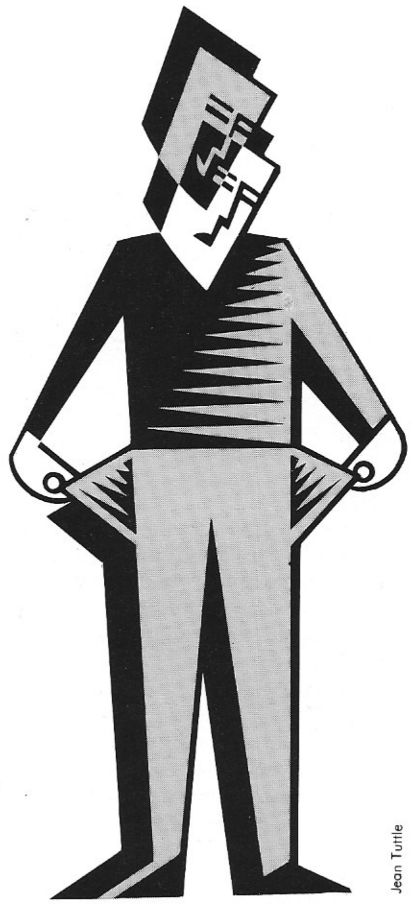
Another significant section of the report endorses, for the first time, the notion of the NEA granting "general support." Recognizing that most arts institutions prefer operating rather than restricted project support, the report reveals that, while the Endowment's institutional funding is designated by "project in theory," it is usually "seasonal in fact." Seasonal support, the report maintains, permits panels to judge the recommended level of support based on both the past record of excellence and plans for the upcoming season. Such support, it says, "should be continued." The articulation of this welcome point of view should ease speculation that the NEA leadership is interested only in funding "special initiatives."

The summary report states that the Endowment will, in the course of the next year, look into whether certain arts organizations which have a demonstrated record of artistic excellence "might be accorded special recognition and/or multiple-year funding subject to appropriations." While multiple-year funding might well prove a good idea (it is currently being tested by several state arts agencies), the NEA reference to "special recognition" calls for clarification.

A highly charged issue that conceivably could polarize the arts world in the future is decentralized funding. Walking a tightrope on the subject, the report succinctly describes the complex issues involved:

"State, regional and local arts agencies increasingly believe that they can be a more efficient mechanism [than the federal government] in many areas for dispensing public funds for the arts. They assert they have greater sensitivity and capacity at the state and local level, and that decentralization of some of the Endowment's grant-making functions would free it to focus more of its energies on activities of national importance. On the other hand, some artists, arts institutions and arts service organizations oppose increased decentralization. They raise issues of quality of process and reduced national recognition, and assert state, regional and local arts agencies should raise their own appropriations, not increasingly rely on federal support."

Under a legislatively mandated formula, state arts agencies already receive an automatic 20 percent of the



Jean Tuttle

NEA's annual program budget, totalling some $21 million in 1984, in addition to grants from other NEA programs (some $6.2 million more last year). While the NEA's position is not yet clear, the report's discussions of audiences and state programs echo common themes of decentralization, tending to stress "access" to the arts over standards of excellence. Ironically, the issue has the political ring of the hollow old debate over populism and elitism that emerged during the Carter Administration.

Among the other concerns the Endowment intends to address in the coming year are: organizing a comprehensive data collection effort on the nonprofit arts institution economy; assisting smaller institutions to increase their support base; and encouraging connections between nonprofit arts institutions and commercial organizations. Over the next five years, the NEA says it would like to acquire a better sense of arts trends in relation to the general economy and changing demographics; encourage greater standardization of nonprofit accounting terms in various disciplines; and assist the development of endowments and working capital reserves in most major arts institutions. As part of these efforts, the agency will undergo a reorganization of its data processing capabilities and plans to redesign its application form.

Unfortunately, the document is peppered with statistical errors and misinterpretations of data that should be corrected. For example, theatre data are compared from year to year without maintaining a consistent control group. Opera and musical theatre admissions are translated into percentages of the U.S. population apparently without factoring in repeat visits by frequent attenders. Average figures are employed when medians would be more appropriate. And, most serious of all, the report uses figures from the 1970s, even though up-to-date studies reflecting the rapid changes in the field in the early '80s are available.

The NEA raises a spurious argument when it says that, if federal tax forbearance is taken into account, U.S. government arts subsidy compares favorably to that of other countries such as Sweden and the United Kingdom. The U.S. has far more arts organizations to support, and the needs are greater—theatre production costs in the U.S. can total as much as five times more than those in Great Britain. In the absence of major funding sources, there is a "tax" paid by every American nonprofit company today—the rapidly escalating administrative costs required to raise thousands of small contributions from individuals and corporate donors. The costs of seeking one major subsidy from a central agency like the Arts Council of Great Britain is comparatively negligible. The Endowment's rhetoric of tax forbearance should cease until adequate case studies can be conducted to determine just what Americans gain and lose by not getting most of our arts subsidies directly from the federal government.

The chapter on the Theatre Program sets a context for the state of the American theatre today, noting the unprecedented expansion of theatrical activity in the past 30 years. While it is hard to support the report's claim that theatre organizations "are at least minimally stable"—Theatre Communications Group's