ARGUMENTS AGAINST INCREASING STATE FORMULA SHARE

1. **LOSS OF NATIONAL RECOGNITION.** Only a federal agency can provide national recognition for the very best artists and arts organizations or identify and support our national treasures. The national recognition that comes with federal support is often critical in leveraging additional resources from the private sector.

2. **LOSS OF FEDERAL LEADERSHIP.** Only a strong Arts Endowment can provide the leadership needed for national progress in arts education, the folk arts, encouragement of cultural diversity, international exchange in the arts, etc.

3. **LOSS OF PROJECTS WITH REGIONAL OR NATIONAL IMPACT.** Activities with regional or national impact (broadcasting, touring, filmmaking and other national services) would be especially hard hit by a further shift of funds to state arts agencies, which do not support services outside their borders.

4. **LOSS OF FEDERAL ACCOUNTABILITY.** A further shift of federal arts dollars to the states would reduce effective federal oversight and thereby reduce accountability. The huge number of grants awarded by the states (approximately 30,000 annually) makes a close federal watchdog role over their grants impractical.

5. **LOSS OF FUNDING TO KEY ARTS STATES.** An increase in funds distributed on a formula basis through Basic State Grants would further reduce other direct grants to states in which artists and arts organizations are most concentrated, including California, Illinois, New York, Massachusetts, Minnesota, Pennsylvania, Ohio and Texas.

6. **REDUCTION IN OVERALL ARTS SUPPORT.** The recent increase in the proportion of Endowment program funds allocated to the states was accompanied by a 28 percent reduction in state arts appropriations. While there is no evidence that the increase in Basic State Grant amounts was a cause of the cuts in state funding, the increase did nothing to leverage more money for the arts.

7. **INCREASED ADMINISTRATIVE COSTS.** Administrative costs are generally lower at the national level, where economies of scale are greater. A portion of funds awarded to the states generally goes for administration at the state level, leaving fewer dollars for direct grants to artists and arts organizations.