Application Paper: The National Endowment for the Arts

Public Administration 610

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**Introduction**

 The National Endowment for the Arts (NEA) is a federally funded organization which operates as the largest funder of the arts in the United States. The NEA provides funding to state, local and non-profit organizations to advance various artforms, support underrepresented communities, and assist local economies. Their current funded grant applications supported, music, poetry, physical art forms, indigenous and culturally based art, and research. (National Endowment for the Arts [NEA], 2022). Throughout this analysis, information will be provided regarding the mission and vision, funding, governance and structure, the management opportunity, and recommendations to achieve this opportunity.

**Mission and Vision**

 The mission and vision statement for the NEA can be found in their most recent strategic plan, covering the 2022 to 2026 fiscal years. The mission statement details, “The arts strengthen and promote the well-being and resilience of people and communities. By advancing equitable opportunities for arts participation and practice, the National Endowment for the Arts fosters and sustains an environment in which the arts benefit everyone in the United States.” (NEA, 2022e). The value of “equitable participation” is seen on their website and in other annual reports. The vision statement for the NEA details another necessary perspective on how the creative arts is impactful. The statement is “…a nation in which the arts are essential to our democracy and to reaching our highest potential by nourishing creative enterprise, freedom of thought, imagination, and inquiry.” (NEA, 2022e). The mission statement shows the overall goal to foster an arts environment that is accessible and supportive, while the vision statement shows that arts are essential to multiple factors of our lives.

**Funding**

The organization is funded primarily by governmental appropriations through Congress, with additional funding coming through donations. Throughout their history of appropriations, the NEA has received a steady increase of roughly three to five percent per year. The main outliers here are in 2020 and 2021. In 2020, the NEA was designated $162,250,000 through Congress and then an additional $75,000,000 through the Coronavirus Aid, Relief, Economic Security Act. Then again in 2021, they received in initial appropriations of $167,500,000 with an additional $135,000,000 through the American Rescue Plan Act. (NEA, 2022a). The data provided from the 2020 Annual report also noted $900,890 in nonfederal gifts as individuals can donate directly to the organization. However, this donated money cannot be applied to grantmaking, so the NEA advises individuals contact and donate to locally based arts organizations. Looking at the funding sources this organization is strictly public, it is funded through congressional appropriations, and public donations.

**Governance and Structure**

While this organization is primarily publicly funded, operationally it is led by a board of stakeholders, this board is titled the National Council on the Arts. This National Council on the Arts consists of 19 voting members of various backgrounds, some are philanthropists and business owners, others are artists themselves. On this board as well are three non-voting members who represent both the Senate and House of Representatives. The function of this board is to advise the Chairman on programs, grants, and initiatives and is led by the Chairman of the National Endowment for the Arts. The Chairman operates as the primary leader of the NEA and per the *Fiscal Year 2023 Budget Request*, oversees five additional leaders or groups that guide operations. These additional workers are the Senior Deputy Chairman, Chief of Staff, Equal Employment Opportunity and Civil Rights, General Counsel, and the National Council of the Arts. Directly managed by the Senior Deputy Chairmen are the Deputy Chairman for Management and Budget, Deputy Chairman for Programs and Partnership, and Strategic Communications and Public Affairs. Below the Chief of Staff is the Guideline and Panel Operations, and Research and Analysis. Lastly working with the National Council on the Arts is the Office of the Inspector General whose goal is to eliminate improper usages of money. This shows the governance structure of the NEA primarily being led like a private organization, although with some public input. (NEA, 2022b)

With the structure and funding defined, the authority that the NEA operates with can be seen. Starting with political authority, which is defined as an organizations ability to act on behalf of citizens, we can see a large amount of autonomy. The organization’s structure is based on appointments, and the professionals are allowed to act as they see fit. The National Council of the Arts helps guide the organization, but they work collaboratively with the Chairman to create and advance the mission of the organization. Similarly with economic authority, the NEA has a fair amount of freedom on how it uses its money. With the appropriations through Congress, the organization can choose which grants to fund, and which strategic goals to support. However, in cases like the CARES Act, funding was intended to support a specific cause. In the CARES Act the additional $75,000,000 was provided to “…preserve jobs and help support organizations forced to close operations…” (NEA, 2020). In a normal situation the NEA has the economic authority to support the missions and populations it chooses. In situations where it is called on to support a specific effort, Congress will limit its economic authority.

**Environmental Conditions**

 Identifying the environmental conditions this organization faces will help identify management opportunities and show potential progress. The additional money provided to the NEA through CARES Act and American Rescue plan, shows that they will be relied on to assist in the recovery process for the United States. The NEA has also shared how arts and culture provides a positive economic impact, and the importance of telling stories of underrepresented populations. The NEA has taken the time to redefine how they communicate their impact and show the economic success that can come from funding the arts. This redefining has allowed them to change how they interact with their environment, as they are being asked to help with a post pandemic recovery.

 The cultural and digital environmental conditions should be noted with their relation to the NEA. While usually these conditions would be separate, here they are joined because they relate similarly. Starting with the cultural environment, this is an area where the NEA must be competent to understand the largest amount of art forms that should be supported. Much of their work focuses on equity and allowing equal access to creating or consuming art forms. On their website they specifically note the Equity Action Plan that is in line with their 2022-2026 Strategic plan. To be able to accomplish the Equity Action Plan, and the culturally based goals of their strategic plan, the NEA must show their competence in the cultural environment. Similarly with the digital environment, art forms are ever evolving. As technology develops, a new market grows for art to be created or shared. To be able to accurately support these new and evolving art forms, understanding the evolution of this digital environment is needed. Both environments are ever changing and are listed as being vital to the NEA and their strategic plans.

Another environmental condition that will be forever changing is the political environment. As presidents and arguments evolve, so too will funding and support. As stated previously the NEA has seen an increase in support under the Biden administration. While they currently have the support of the executive branch, this support is far from guaranteed. When political changes occur, the NEA will need to be flexible, and prepared for any changes or limitations to their funding. There is much uncertainty in the political environment from a year-to-year basis and recognizing this uncertainty is imperative for any organization.

These environmental conditions have shown that the NEA must be flexible and proactive in their operations. They need to be prepared to support art forms from underrepresented cultures, display a high level of cultural competence, exist on the precipice of developing art forms, and prepared to validate the work they complete. These flexible conditions could cause various stressors for the work environment, however being able to operate in this manner will allow for long term success for the NEA.

**Management Opportunity**

 The management opportunity for this organization is how will the NEA track data to validate their positive impact. Earlier, multiple points were noted that the NEA is being relied on to help with the United States recovery from the pandemic. This coupled with a volatile political environment, creates pressure for the NEA to improve their outputs and validate their efforts. The NEA has seemingly risen to this challenge by creating quantifiable metrics that they use for goal setting as seen in their strategic plan. Through the strategic plan we see the goals they wish to accomplish and in the current budget request we see the status of some of these goals. Listed in the NEA 2022-2026 strategic plan, the first goal is to “Prioritize Data-Driven Methods to Broaden and Deepen Engagement with Underserved Communities” (NEA, 2022e). They will accomplish this by tracking the number of underserved communities being served by the NEA and by tracking the percentage of NEA grant applicants who are from an underserved community. Their second goal is to “Integrate the Arts with Strategies that Promote the Well-Being and Resilience of People and Communities” (NEA, 2022e). The two objectives listed under this goal looks to improve health and wellbeing of individuals, and to increase community resiliency with arts and culture. The performance measure that was set for this goal is to track the number of unique communities that were provided NEA funding specifically for the purpose of healing their community. The second performance measure is to track the number of meetings or events held that discuss community healing and resiliency. The NEA has noted these specific goals that align with their values, however their goals measure outputs as opposed to impact. To be able to validate their efficiency, expanding their goals to focus on impact will be necessary.

While the NEA could improve its own goal setting and tracking, more can be expected from its grantees as well. As organizations apply for federal grants provided for the NEA, what information are they providing to show that their efforts have a positive effect on their area. The NEA is supporting these organizations because they believe the missions align, but how is the positive effect quantified by these organizations. We can see an example of how organizations work with the NEA as they announce their funded partners. First, looking through the funded partner announcements, we see individual organizations, cities and townships that have been approved funding, these dollar amounts are relatively smaller, and provide no information on the intended goal. Generally, the grants allocated in this area cost $10,000 to $20,000 per partner, which is low compared to the appropriations of the NEA. While it is difficult to quantify the impact of a relatively smaller grant, for the sake of transparency, providing the intended outcome would be valuable. Continuing through the document, we see information for funded research opportunities. The research grants, and research lab funding provides a different story where the dollar amount increases per organization, and a purpose and an outcome is provided. Between the labs and research opportunities, the intended outcome seems to be consistent for each partner, stating “Evidence of the value and impact of the arts is expanded and promoted.” (NEA 2020f). This could be a way the NEA keeps the language of each partner consistent, however by only noting one research topic, the NEA limits how their impact to research can be seen.

Another way to view how the NEA holds their partners accountable to outputs is through various audits that are conducted. These often detail times in which organizations have misused funding and thus requires reports and measures of accountability. To provide an example, the NEA Conducted an Audit of the South Carolina Arts Commission in which they failed to use funding appropriately, and poorly communicated how funding was used. The issues here showed unapproved costs, or inefficient controls or tracking of spending. While audits are a needed part of any organization to operate in a reflective manner, issues still arise regarding the efficiency of this operation. First, much of these audits arrive late, the audit for the South Carolina Arts Commission is over funding from 2017 and 2018, and second, they only provide information on misused funds not inefficiently spent funds. This again shows a need for the NEA to track impact of funding to continually mitigate the inefficient use of dollars.

Overall, what we see through this management opportunity, is needed growth in how the NEA details and communicates its desired outcomes, and how funded partners can improve their own measure for efficient impact. The following section will discuss individual ways to improve the grant application process, NEA’s goal setting, and additional recommendations.

**Recommendations for the Management Opportunity**

Through this section, different recommendations will be provided to the NEA to address the previously stated management opportunity. The recommendations provided are to utilize outcome-based grant evaluation, tiered evidence grant making, improve NEA data collection, and continued communication. With these recommendations, the NEA would be able to validate the work and funds they provide to individual communities.

Starting with outcome-based grant evaluation, this is a process in which the goals of grant funding are tracked, and the impact is measured. The Pierce County Washington local government provides literature on outcome-based grants and their expectations for applicants. Through this document they mention the value of logic models with this form of evaluation. They identify five components that reflect a logic model, those components being: Outcomes, Resources, Activities, Outputs and Goals. Outcome is to define the purpose of the program; it should also reflect the vision or the expected change after the intervention. Resources is defined as what the program will use to achieve its ideal vision. Activities here is defined as the action that will be completed. Outputs is the quantifiable measure of accomplishment. Lastly the Goal, is to define the overall community impact. Through this document Pierce County also notes a vital part to this evaluation process which is having well defined outputs that measure impact. Pierce County notes that the output can not simply be the number of people served, and they recommend using levels of achievement and specified percentages to denote success. (Pierce County WA, 2009).

Tiered evidence grant making is a process recommended by the Government Accountability Office (GAO) in 2016 to improve award success. The process of tiered evidence-based grants begins with funding organizations or projects with smaller levels of funding. As these programs operate, they have the opportunity to increase their future funding as they show continued success. The GAO details an example of this structure by denoting three levels of support, Preliminary Evidence, Moderate Evidence and Strong Evidence. With each level, expectations are noted for what success looks like at the individual levels. In the preliminary section, promising evidence and practices should be seen, the moderate section needs to see increased success, and the strong section needs replicable practices and outputs (GAO 2016). Through this study the GAO noted this success with the Department of Education and their Investing in Innovation Fund. For the GAO to analyze this success they conducted various interviews of both grantors and grantees. The Department of Education created a tiered system of requirements to assist them in making decisions on providing funding. Through the interview process the GAO noted that this tiered system fostered an environment of collaboration between various grantees who shared similar goals. The funded programs were able to achieve their goals and move up through the tiered system. During this process, communication was needed to clearly define why organizations where in specific tiers, and the requirements to move up to the next. This study noted the success of five individual grant programs and their use of a tiered evidence system.

Next is the goal setting for the NEA’s strategic plan. The goals mentioned earlier are trackable and obtainable, but simply calculating outputs or the number of events, does not inherently measure impact. The NEA could benefit from finding additional quantitative measures that show the impact being provided through these meetings or events. These forms of data collection could include, tracking how long grant funding stays in an underserved community, total local economic impact, or tracking percentages of participants positively impacted. Additional quantitative measures can be created to show impact, but with qualitative measures, the NEA could meet this opportunity and show their success. By gathering stories from individuals who have been positively impacted by a NEA funded program, they can then be edited into a short video. This data collection focusing on impact instead of output is a phenomenal opportunity for the NEA to request more funding or protect themselves should funding ever be threatened.

The final recommendation for the NEA is to continue to communicate with grantees as the grant process evolves. Already this organization does a great job in communicating with its funded organizations, and future organizations to explain their expectations for funding. This can be seen on their New Applicant Guide for Organizations. The NEA provides documentation to its organizations to explain the application process, and who reviews the applications. They also provide literature on how to use the various government websites for grant funding. (NEA 2022g). Similarly on the grant announcement page, they note regular webinars to interact with partners to understand their expectations. To be able to roll out an updated grant program, hosting webinars and round tables to understand your partnered organization’s perspective will be valuable. This is something that was also noted in the GAO article on tiered evidence grants (GAO 2016), the regular communication with partners was instrumental to understand barriers of entry, and hurdles that these organizations face. Through these individual steps the NEA can show their value, to validate their yearly appropriations.

**Conclusion**

 Throughout this, the NEA’s mission, vision, operations, and environment have been analyzed to show an opportunity. This opportunity to collect more impactful data would show the importance of the NEA and the importance of arts on our country. By achieving this, the NEA can grow to operate more effectively.

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