NASAA NATIONAL ASSEMBLY of STATE ARTS AGENCIES
Knowledge ▲ Representation ▲ Community

The Honorable Mike Simpson
Chairman, Subcommittee on Interior, Environment & Related Agencies
House Committee on Appropriations

Dear Representative Simpson:

Thank you for your ongoing role in securing bipartisan support for the National Endowment for the Arts (NEA). We are grateful for your leadership, and we welcome the opportunity to be in dialogue about the allocation of resources for the agency in FY2027—especially the portion set aside for states.

I'm Pam Breaux, the President and CEO of the National Assembly of State Arts Agencies (NASAA), representing all of the 56 state and jurisdictional arts councils. From that perch, I can offer a unique perspective on the set-aside and the possible implications of a shift in amounts allocated to states.

An Exemplary Partnership

Since the early days of the NEA, Congress has mandated that a portion of agency grant funds be set aside for states. This strategic policy directive has evolved into an exemplary federal-state partnership that:

- ensures the broad reach of federal funds into all 435 congressional districts,
- empowers states to support rural and underserved communities that often have difficulty tapping into federal programs,
- fosters citizen involvement in the disposition of grant dollars, and
- leverages additional state investments.

The federal-state arts partnership is especially successful because **the NEA funds state priorities** expressed in plans developed in consultation with governors, legislatures, the arts sector and the public. The NEA also requires **oversight by citizen councils.** These practices help to deploy federal funds in ways that are responsive to state and local needs.

Together, state arts agencies and the NEA accomplish what neither states nor the federal government can achieve alone. **The partnership has become a cornerstone of the nation's arts infrastructure,** catalyzing more than 30,000 NEA and state arts agency grants to civic groups, schools and community arts projects each year. For these reasons, **NASAA asks that Congress explicitly affirm its directive for the state and regional set-aside in each appropriations cycle,** including for FY2027.

The 40% Allocation

Since 1998, Congress has directed the NEA to allocate 40% of its grants budget to the state set-aside. In FY2026, this 40% allocation totaled $65.18 million. However, in the latest FY2027 Interior Appropriations Committee markup, the $72 million recommended for states would represent a sudden and substantial increase of the state set-aside percentage. In conjunction with a reduction in overall NEA funding, $72 million would boost the state set-aside to an estimated 68% of the NEA's grants budget.

While we appreciate the vote of confidence in states that this larger allocation might represent, **NASAA respectfully encourages Congress to maintain the set-aside at the 40% level.** This position is informed by consultation with states and jurisdictions as well as consideration of the needs of the broader arts field and the national fiscal climate.

- **States and members of Congress alike recognize the value of the NEA's direct programs such as Creative Forces, Poetry Out Loud, arts in health, National Heritage Fellows and groundbreaking research.** The current 60%-40% split allows for a robust national leadership role in the arts as well as NEA participation in influential interagency partnerships at the federal level. A reduction in resources for the NEA's direct initiatives would be counterproductive.
- Per statute, NEA partnership funds require a 1:1 match of state funds appropriated and controlled by state governments. If a state arts agency's federal award grows, so must its state commitment. However, **now is a tough time—both fiscally and politically— for state arts agencies to request more legislative dollars or spending authority.** Broad reductions in federal outlays to states are squeezing state budgets. Governors and legislatures are scrutinizing new federal dollars that would require additional state cost sharing. NASAA estimates that more than a third of state arts agencies would encounter difficulty in matching a federal increase of the magnitude currently being proposed.
- **A substantial near-term increase in the state set-aside would put rural and small states at an acute disadvantage**, as they operate with limited resources and would struggle to secure matching funds. The result could be a policy that unintentionally harms the states that most depend on federal assistance.
- **The Cultural Advocacy Group (a broad creative sector coalition) favors the current 60/40 split.** National arts leaders note that a direct federal award from the NEA is a prestigious indicator of excellence that helps to leverage other forms of support. The arts field would like to see the NEA maintain or increase its awards, which won't be possible if an increased state portion reduces the NEA's direct grants budget.
- In light of the current policy environment, NASAA counsels against any policy changes that could diminish the NEA's direct impact. **Re-routing a large majority of the NEA's**

funds to states could make the agency more politically vulnerable to efforts to eliminate its direct programs entirely.

In sum, there is broad support for the existing 60%-40% split by NASAA, among state arts agencies, and across the wider arts community. We believe the Committee can best stabilize the NEA by upholding the current percentage allocations.

Continuity of Support to State Arts Agencies

We understand that members of the Committee have noted concerns about disruptions in payments to state humanities councils funded through the National Endowment for the Humanities (NEH). The Committee should know that state arts agencies generally have had different experiences with federal funding than their humanities counterparts.

State arts agencies received their full allotment of NEA funds for both FY2025 and FY2026. Reimbursement requests are being processed in a timely fashion. NEA staff with expertise in state and local partnerships are in place. We don't see specific problems with NEA funding disbursements to state arts agencies that necessitate an intervention from Congress at this time.

Sustaining a Strong NEA

The federal-state partnership is just one component of a strong federal leadership role for the arts in America. While NASAA naturally cares about the 40%, we are staunch advocates for the full 100% of NEA resources. To that end, NASAA urges the Committee to **maintain NEA funding levels of at least $207 million for FY2027.** Full funding for the NEA aligns with federal objectives:

- The NEA serves those who serve, using the arts to improve health and quality of life for **military populations** exposed to trauma, as well as their families and caregivers.
- The NEA and state arts agencies sponsor **America 250** events that tell America's stories, honor our country's history and help communities celebrate their cultural traditions.
- The NEA and state arts agencies support **arts education** programs that boost academic outcomes, improve attendance and prepare students to succeed in work and in life.
- The NEA, state arts agencies and NASAA are deploying the **arts in health**, to improve clinical outcomes; support wellbeing and help older adults lead active, healthy, meaningful lives.
- The NEA is a good steward of public funds, demonstrating conscientious **accountability and efficiency**. It has streamlined its grant programs, realigned its staff, complied with executive orders and adopted the President's "gold standard" science protocols. Grants are competitively adjudicated on the basis of merit. Federal funding also offers an impressive return on investment, leveraging $9 in additional funds for every federal grant dollar.

The creative sector stimulates commerce, attracts tourism and generates a $36.8 billion trade surplus. The NEA and state arts agencies fuel the talent pipeline for this important industry that supports more than 5 million jobs on American soil.

A strong NEA makes all of these public benefits possible.

Representative Simpson, thank you for your thoughtful consideration of how best to approach the allocation of NEA funds in FY2027. I know that you share our interest in a strong federal agency—including a strong partnership with states—that celebrates America's cherished cultural heritage, sparks creative innovation and ensures that all communities have access to the arts.

I commend your support of the arts in Idaho and across the nation. If NASAA can be of further assistance on the matter of state allocations, please don't hesitate to contact me.

Sincerely,

Pam Breaux
President and CEO, National Assembly of State Arts Agencies