

NAPNOC

notes

Issue number 10

P.O. Box 3036, Washington, DC 20010

March 1981

ROBIN HOOD IN REVERSE:

REAGAN'S "ECONOMIC RECOVERY PACKAGE"

© Don Adams & Arlene Goldbard

On March 10, President Reagan sent his 1982 budget revisions to Congress. His "Economic Recovery Package" (ERP) actually calls for federal spending 6% *higher* than the current year -- but it cuts around \$60 billion from the budget ex-President Carter proposed in January. In nearly 300 separate cuts, it shifts federal priorities *from* jobs and social programs *to* military spending.

The ERP poses two sets of questions for the neighborhood arts movement. The short-term questions are obvious: Will the ERP pass into official policy? Can it be stopped and how? Glance to the right and you will find these questions discussed in our article on "Congress and The Budget."

The long-term questions are equally important. If the ERP is wholly or substantially approved by Congress, what will the future hold for neighborhood arts people? How might community cultural life be affected? How will neighborhood arts work find support?

While no one can predict the future with accuracy, we can take the ERP at face value and speculate about its effects should the package pass into law.

The Ties That Bind

The first thing to remember is that the ERP is a "package" by virtue of the ideology that unifies it. The Reagan administration wants to redirect the federal government; its proposals for new spending on defense and cuts in social service programs constitute what John Kenneth Galbraith calls an attack on "the social and economic consensus."

In an article in the New York Review of Books of January 22, 1981, Galbraith defines three points of consensus to which all of what he calls the "industrial countries" have since World War II agreed:

1) "macroeconomic management of the economy to minimize unemployment and inflation";

2) "action by government to provide those services which by their nature are not available from the private sector or on which, like moderate-cost housing, health care, and urban transportation, the economy defaults"; and

(cont'd on page five)

CONGRESS & THE BUDGET

From a distance, the process whereby Congress adopts a federal budget looks fairly straightforward. The President sends Congress a budget proposal; members of Congress sound out their constituents, hold hearings and caucuses; changes are proposed and debated; and finally, a budget is passed.

But the closer you get, the more complicated and obscure it turns out to be -- and therefore, the more difficult to affect, especially with limited time and resources. For people who are concerned with what Congress sees as "small potatoes" -- this year, that's any budget item less than \$50,000,000 -- there is the additional problem of getting the attention of members of Congress in the first place.

This year these difficulties are compounded by two new wrinkles: Congress is moving double-time to get the budget out two or three months ahead of the normal schedule; and detailed, public information on the massive changes proposed in federal spending is just about impossible to come by.

Budget-watchers in Washington are afraid that President Reagan's "Economic Recovery Package" (ERP) will pass without enough forethought and planning, and without time for most Americans to learn what the ERP is all about -- let alone time to influence Congressional deliberations.

This doesn't mean groups of constituents aren't trying to influence Congress. To the contrary, the last weeks have seen numerous coalitions formed. Most are in broad opposi-

(cont'd on page two)

NAPNOC notes is published by the Neighborhood Arts Programs National Organizing Committee (NAPNOC). Copyrighted articles may not be reprinted without permission of the authors; other material may be reprinted without special permission as long as proper credit is given to the authors and NAPNOC notes. Signed articles represent the views of their authors and not necessarily those of NAPNOC.

NAPNOC welcomes comments, letters and suggestions for articles. Please put NAPNOC on your organization's mailing list. Please address all correspondence to NAPNOC, P.O. Box 3036, Washington, DC 20010, or telephone (202)667-4200. NAPNOC notes is edited by NAPNOC Co-Directors Don Adams and Arlene Goldbard.

CONGRESS, THE BUDGET & NEIGHBORHOOD ARTS
(cont'd from page one)

tion to the cuts in jobs and services and the corresponding rise in military spending that President Reagan has requested.

AFL-CIO President Lane Kirkland is at the head of a coalition of 157 groups, including the NAACP, the League of Women Voters, the American Agriculture Movement and the National Urban League. The Congressional Black Caucus, headed by Representative John M. Conyers (D-MI), has issued strong statements in opposition to the ERP and called for increased federal emphasis on jobs and services. And coalitions have formed to fight cuts in specific areas like housing, education and medical care.

NAPNOC belongs to the Neighborhood Coalition, an ad hoc alliance which includes over 50 groups like the Center for Community Change, the Campaign for Human Development, the National Council of La Raza and the Civic Action Institute. The Coalition meets periodically, keeps its members informed of current developments, and pools information.

Currently, Neighborhood Coalition members are compiling data on the impact of proposed cuts on their member organizations; the information will be available to constituents to use in educating their representatives in Congress. The last page of this issue of NAPNOC notes is a form that you can use to let us know how the ERP proposal might affect your group. Please fill it out and return it to NAPNOC as soon as possible.

If you want to have some impact on the Congress' budget deliberations, here are two pieces of advice: You must act quickly and you must understand how the budget process works. Read on.

The Congressional Three-Step

The Budget Act of 1974 set the current Congressional budget process, which is actually three interrelated processes:

The budget process, through which Congress sets spending targets for all federal agencies during the coming year;

The authorization process, whereby federal *programs* are created, changed, renewed or abolished; and

The appropriations process, whereby Congress appropriates funds for specific programs within federal agencies.

Each of these processes has a corresponding committee in each house of Congress. For an agency to receive its final appropriation and begin spending, its budget and program must have passed through a budget committee, an authorizing committee and an appropriations committee.

The *normal* budget process has a built-in timetable: Just after Congress starts a new session, the President's budget message and proposals are presented. (This year, because of the change in administration, President Carter submitted the first budget on January 15, and President Reagan submitted two sets of revisions on February 18 and March 10.)

Between the President's first message and March 15, authorizing committees are supposed to debate the President's recommendations concerning the programs within their jurisdictions. If the authorizing committees don't come out of this debate requesting funding for a particular piece of program legislation, it is difficult to get the program funded at all. The authorizing committee recommendations don't mention every specific program activity, but they do set general priorities. For instance, in a normal budget year, if the authorizing committee with jurisdiction over the NEA didn't mention "neighborhood arts" or "community arts" as a target, it would be possible for budget committee members to argue later that expenditures for neighborhood arts aren't properly authorized and ought to be cut.

Between March 15 and April 15, the House and Senate budget committees normally hold "mark-ups" in which they propose spending levels and priorities in each broad area of government function (e.g., "national defense," and "education, training, employment and social services" are two of these). The budget committees pass a first budget resolution, which is not binding but only the basis for further debate.

Between April 15 and May 15, the full House and Senate would normally debate these resolutions, which may be amended by the full houses. Members of both budget committees are then appointed to a joint conference committee to develop a compromise budget resolution, and each house of Congress then votes on this compromise.

In the normal budget process, May 15 is an important date. It's the deadline for all authorizing legislation. Thus if you were working to get a new program started or an old one reauthorized, you would have had to begin when Congress opened to work with *both* the authorizing committee (to make sure your program was in its recommendations) and the budget committee (to make sure it sets aside the necessary funds).

From May 15 to September 15, Congress normally works toward the second budget resolution, which *is* binding. Both houses debate and vote on the authorizing legislation proposed by the various authorizing committees. At the same time, the budget committees hold hearings to reconsider the merits of the first budget resolution and to approve the second. And the appropriations committees come into the picture, making item-by-item recommendations for spending appropriations (e.g., they recommend spending levels for the various titles of CETA, or for specific programs within the Department of Education). The first budget resolution can change substantially through this process.

Reconciliation, Recision, and Deferral

As is often the case, Congress may approve appropriations bills calling for more spending than the second budget resolution permits. Then, September 15-25 would be when reconciliation is supposed to take place: The authorizing and appropriations

committees which have exceeded the budget committees' limits go back and revise their plans, and conference committees of both houses resolve the differences between them. On October 1, 1981, the new federal fiscal year 1982 will begin.

This year, President Reagan has put great pressure on Congress to speed up the budget process.

Current Congressional timetables are calling for final action on the 1982 budget by July 15, followed immediately by action on the President's ERP tax cut bill. (By contrast, this year's budget was not approved until November 20, 1980, in the lame duck session of the old Congress.)

The Senate Budget Committee mark-up (normally around April 15) this year begins March 18, just one week after Reagan's second budget revisions were released. Full Senate passage of the first budget resolution is targeted for April 1-15.

The House is right behind: Full House action on the first budget resolution is hoped for by the end of April, with final House action on the 1982 budget by July 15.

The President's ERP also includes cuts in current-year funding. For example, the administration has proposed that \$600 million in CETA appropriations for FY 1981 be cut (see "Robin Hood in Reverse," in this issue for more information). This is called a recision, and is handled by a separate resolution outside the normal budget process.

Recisions must be approved by both houses of Congress within 45 days in order to go into effect. The current House timetable calls for floor debate on Reagan's recision package in early May. Passage in both houses is expected well in advance of the full 1982 budget package.

Another tool at the President's disposal is a deferral, whereby the expenditure of money already appropriated for federal programs may be postponed. Deferrals remain in effect for the period designated by the President unless specifically overturned by either house. In a controversial move, the Office of Management and Budget has already "frozen" program funds *pending* formal action on recisions or deferrals, and has used the deferral process to postpone and reallocate funds -- for example, from one title of CETA to another.

A Real Cliff-Hanger

Now the question of just how to approach this more-than-normally complicated process -- and how to have impact on the Congress' decisions -- is an open one. Some experienced Congress-watchers have expressed fears that complicate their lobbying efforts.

First, there is the problem of the speeded-up timetable and its effects. The President wants Congress to handle his budget proposals as a package, not as a bunch of separate recommendations, each one demanding careful consideration, discussion and decision ("People who plead for special treatment... threaten the rationale and validity of the entire budget reform plan").

Rep. James R. Jones (D-OK) is Chairman of the House Budget Committee and has

pledged to keep to the early deadlines set in response to Reagan's importuning. In keeping with this pledge Jones has said that the House Budget Committee will not include in its resolution specific recommendations about federal programs which account for under \$50 million.

Certainly not all members of Congress accept Reagan's attempts to package and accelerate his budget program -- for example, Democrats on the Senate Labor and Human Resources Committee have held a forum to dramatize the "impact in human terms" of the proposed cuts, and have vowed to oppose them cut by cut. But Jones has taken a hard line and some public interest lobbyists have shied from pressing their specific claims with his committee for fear of incurring his wrath and having their attempts backfire.

Second, given the scope of the change in federal government that President Reagan's ERP would mean, opponents of the proposals have had difficulty focusing their efforts. The debate in the Neighborhood Coalition several weeks ago, for instance, was concerned with the question of whether lobbying efforts by neighborhood people should focus on a few specific cuts -- try to win a limited victory by choosing battles carefully and sparingly -- or should make a broad critique of the ERP, documenting and publicizing all its potential impacts and appealing to Congress to oppose cuts in social programs across the board.

Compounding the difficulty of finding a promising strategy is the confusing question of whom to address in Congress. Seasoned observers note that the double-time budget process feeds the budget committees' desire to extend and strengthen their power and control in Congress.

Without enough time for study and consideration within the authorization and appropriation committees, a good deal of basic work in determining priorities may be done in the reconciliation process. During reconciliation the budget committees are essentially able to force the appropriations and authorization committees to cut programs and expenditures to meet the limits it has set. This many mean cutting many millions -- even billions -- from the budget at the last minute, under duress.

Thus the current budget process contains the chilling prospect of programs defended and salvaged through the authorization and appropriation committees cut at the last minute to conform with the budget committees' bottom line.

The Tide of Public Opinion

Third, perhaps the biggest problem of all: Most indicators of broad public opinion appear to favor the ERP, which has been sold as a unified package that will cut "waste" and save taxpayers money. On March 5, the day that papers carried the news of the AFL-CIO's 157-member coalition against the ERP, the Harris poll announced that 70% of Americans feel the ERP is "fair and equitable." Public interest lobbyists report that constituent mail to members of Congress is running 15-1 in favor of the ERP.

Most people in Washington who oppose the ERP attribute the favorable public response to the extensive and well-coordinated public relations campaign waged by business in support of the cuts and defense boosts. If members of Congress are to be convinced to vote against the cuts, they will have to hear that their constituents oppose the ERP -- and that will call for a rapid and effective program of education about the real meaning of the cuts at the local level.

State and local governments will also be the focus of increasing attention as the budget process grinds to a finish, because it is there that decisions about how to allocate reduced and block-granted funds will be made -- and equally important, decisions will be made about reallocating local revenues or levying new taxes to make up for federal cuts.

Making Yourself Heard

If you would like to attempt to influence the byzantine budget process, here are the things you should bear in mind.

1) Find out if you have a representative or ally on the House or Senate budget committee. Chairman of the committee in the House is James Jones (D-OK) and in the Senate Pete V. Domenici (R-NM). Bear in mind that lobbying these committees holds the danger of "flagging" an item for their disapproval; you have to calculate whether it would be better to call your convictions to the attention of the budget committees or to leave well enough alone. If you have a reliable ally, it's probably worth pressing. If not...

2) Find out if you have a representative or ally on the authorization and appropriation committees which have jurisdiction over the programs which concern you. Their most influential moment this year may come during the reconciliation process, when they are forced to cut programs whose authorizations and appropriations have already won approval. Strong support on the relevant appropriations and authorization committees may mean that the programs you care about won't be cut in the last-minute rush.

3) Your own Representative's and Senator's offices are the best place to get information on committee memberships and hearings. If you call there and tell them what agencies you're concerned about, they will tell you which committees have jurisdiction.

Remember that you have most influence with your own elected officials, since your opinion represents a potential vote for the offices they hold. To the extent that pressure comes from a member of Congress' own constituents, it stands a better chance of being heeded. Even if your representatives don't sit on the committees you care most about influencing, remember that they are the most powerful potential allies with other members of Congress, and keep them aware of your wishes and concerns.

4) Your neighbors may be finding out all they know about the ERP from reading the papers and watching TV -- and from some of the local editorials NAPNOC members have

sent us, it appears that local press coverage favors Reagan's ERP and minimizes the changes he wants to make in government. If you want to write letters to local papers or tape "free speech messages" for local radio or TV, remember to keep your message brief and clear. We have a file full of copies of unpublished letters to the editor authored by NAPNOC'ers -- brilliant, but too long to make the editorial page.

5) Remember that there are two sides to every potential cut: On the one hand, you may want to argue for the positive effects of a program you are attempting to save; on the other, you may want to communicate your fears about what will happen if the program isn't there -- the negative effects of cutting, or of a shift in policy reflected in the cuts.

In The Long Run

A word on future influence in Congress: The budget-cutters appear to have a majority in both houses, and if groups like the National Conservative Political Action Committee (NCPAC) enjoy success in 1982 in defeating "liberal" members of Congress similar to their success in the last election (during which NCPAC raised over \$2 million for the purpose of defeating liberals), they will have not trouble ensuring that Congress cuts services again and raises military spending even further.

The next elections are a year and a half off, and new coalitions are forming to oppose NCPAC and friends' efforts to dominate election returns. The first of these broad coalitions is called Independent Action, and speaking on its behalf, Rep. Morris Udall (D-AZ)-- targeted by NCPAC for defeat -- has said "unless we start to act now, we can face an unparalleled tragedy next year -- the total control of our Congress by forces determined to turn back the clock on all we have won..."

Finally, please fill out the form that appears as the last page of this newsletter and return it to us immediately. We will share our data about the impact of proposed ERP cuts with anyone who wishes to use the information to back up claims about the damage ERP will do back home.

THEATERWORK

Theaterwork is the name of a new bi-monthly tabloid newspaper which carries news and features about progressive theater and related subjects. Past issues have included two articles on the theme of peoples' theatre by NAPNOC National Organizing Committee member Doug Paterson of the Dakota Theatre Caravan, a reprint of NAPNOC notes' January 1981 article on the Heritage Foundation, and profiles of numerous companies including Otrabanda, the Provisional Theatre, El Teatro de la Esperanza, the National Black Theatre, and The Play Group.

Theaterwork is published by Cherry Creek, a theater company based in St. Peter, MN, with an ambitious array of aims and activities. This August, Cherry Creek is sponsoring "The Gathering."

"In the small town of Saint Peter, rest-

ing in the valley of the Minnesota River, we are planning for a cloudburst. Hundreds will be arriving here in August; men and women who work in the theatre and other arts, joined by scholars, writers, historians, farmers, shopkeepers, journalists, will meet to discover together the place of performance and celebration in their lives, in the structuring of suitable human environments that embody the deepest human values. They will talk, dance, sing, shout about those discoveries. They're all coming here because they believe in one thing: that the person, both individually and collectively, has an unchanging right to a name, a place, a story, a song."

You can send for a registration packet which includes complete information on performances, working collectives, participants' schedules, workshops, special events and housing for "The Gathering." Cherry Creek says that total expenses for the week per person will be \$160.

Subscriptions to Theaterwork cost \$5 for one year and \$9 for two. Write to Cherry Creek, 406 South Third St., Saint Peter, MN 56082.

Robin Hood in Reverse

(cont'd from page one)

3) "measures -- unemployment insurance, welfare payments, old-age pensions, medical insurance, environmental protection, job safety and product safety regulation -- to protect the individual from circumstances with which he or she cannot, as an individual, contend."

The Reagan administration has rejected this "social and economic consensus" and in its place has substituted a philosophy best characterized by the toast Reagan presented to his Canadian hosts on his March 10 visit. Quoting from Canadian poet Robert W. Service, Reagan invoked the "law of the Yukon Road": "only the strong shall thrive, on the fit will survive."

The principal ideologue of the Reagan philosophy is George Gilder, whose new book Wealth and Poverty carries the endorsement of OMB Director David Stockman, who has called it "promethean in its intellectual power and insight." Gilder's book is a kind of theology of "free enterprise," which he glorifies as a system based on the giving of gifts: "search and you shall find, give and you will be given unto, supply creates its own demand."

In Gilder's theology, both the rich and poor must be spurred to greater achievement in the marketplace. For the poor, the spur is their poverty -- Gilder believes that welfare programs have halted "improvement in the lives of the poor, particularly blacks, and left behind a wreckage of broken lives and families worse than the aftermath of slavery." For the rich, the spur is increased wealth; if taxes are cut and pro-business policies strengthened, the rich will invest more money, produce more jobs, and so on into..."Economic Recovery"!

The Rich Get Richer

The words of a great American artist sum up the shift in public policy proposed in the Reagan administration's ERP: As Billie Holiday sang in "God Bless The Child," "Them that's got shall get and them that's not shall lose, so the Bible says and it still is news..." A quick glance through the daily papers will confirm the continuing truth of Ms. Holiday's words.

On March 13, OMB Director Stockman testified before the House Social Security Subcommittee and in the course of questioning admitted that proposed cuts in Social Security benefits would mean that close to 3 million households would lose benefits. At the same time, the administration has proposed a repeal of the ceiling on the amount a Social Security recipient can earn and still continue to receive benefits; this would mean that over 1 million people would receive increased benefits -- 2/3 of whom are already earning more than \$17,500 annually.

Exacerbating the regressive impact of social service cuts is another element of the ERP: Reagan's income tax cut proposal. According to the Congressional Joint Committee on Taxation, low and middle-income families would actually pay a larger proportional share of the total income tax revenues, while high-income families' taxes would account for a smaller share. In real-dollar terms, most of the savings will go to the rich: A "typical" \$200,000-a-year executive would save \$30,000 in taxes; a \$20,000-a-year employee would save only \$1,000.

The Cuts and Neighborhood Arts

Now that we've looked at the big picture, let's take a look at the potential effects of the ERP on neighborhood arts. First, there are the direct cuts. Neighborhood arts groups that have grants from the National Endowments for the Arts and Humanities or CETA will lose almost certainly lose money if the ERP passes.

The administration has proposed cutting the Endowments' budgets by half, to \$88 million for NEA and \$85 million for NEH. If cut to this bottom line, NEH has announced it would eliminate new Challenge Grants, Special Projects, and some of its Fellowship Programs, and would cut Public Programs -- which include NEH's most visible programs in media, museums, libraries and historical projects -- from \$21.5 million to \$8.4 million. NEH would also cut Education Programs by over a third, State Programs by almost half, and Special Programs and planning by nearly 60%. Administration wouldn't be cut at all.

These cuts mean that NEH's tendency will be to consolidate grants to the institutions it's already supporting; and it will be harder to find support for between-the-cracks programs and experiments like those it's been more open to in the last few years. According to Chairman Joseph Duffey, this budget aims to "protect the things that are going to have the hardest time getting any funding -- the classification and preservation of archives, for instance."

NEA hasn't released its budget figures officially yet, but leaked information appeared in the Washington Post of March 11. According to the Post, administration would be allocated \$12.7 million (no cuts here); and Challenge Grants would be cut 80% to \$2.5 million. The Post says that Media Arts, Challenge Grants and the Office of Partnership will be hardest hit, each losing over half of its allocation. Some programs will receive only token funding, according to the Post, among them Artists-in-Education, the International Program, and the Institutional Advancement grants program. Expansion Arts is earmarked for 40-50% cuts, and rumor has it that most of the other programs are in the same ballpark. But since NEA has refused to release its budget figures, we can't say with certainty what is planned.

(Most people feel that Congress will respect the National Council's allocation of the NEA's budget and stick to the figures above if the ERP passes. The general tendency of Congress not to make specific cuts or recommendations on relatively small items would confirm this feeling, were it not for the detailed and public statements on NEA policy made by administration spokespersons: For example, the Washington Star of March 1 quoted Robert Carter, head of Reagan's transition team for the NEA, as saying that the Expansion Arts Program would be better placed in the Department of Health and Human Services (HHS) "because it is more social than art." This kind of buck-passing is a classic administration tactic; it's worth noting that no one connected with HHS has suggested the agency ought to reallocate some of its substantially-reduced budget to community arts activities. People who want to support Expansion Arts' or other small programs' budgets would do well to remind their representatives that the anti-neighborhood arts pronouncements of administration officials and advisors place the program in special jeopardy.)

If Congress does follow the NCA's recommendations and Expansion Arts' budget is cut in half, the program will shift further in the direction of "institutionalization," consolidating its support to those already receiving grants, and making it correspondingly more difficult for newcomers.

It's fairly safe to assume this will be the trend throughout both Endowments, since most of both agencies' programs operate with the sense that there is a core group (or in sociological terms, a "client group") of organizations that must be preserved during this crisis.

CETA Cuts

The largest proposed federal cut in neighborhood arts support -- and perhaps the soonest to be felt -- would be the elimination of all public service job support under the Comprehensive Employment and Training Act (CETA). The Department of Labor ordered a nationwide public service hiring freeze on March 2. DOL estimates that over \$200 million of its funds went to arts jobs in FY 1979 alone.

The current year's appropriation to the Department of Labor for Titles II-D and VI is being reduced by something like \$841 million; the entire \$3.8 billion proposed by President Carter for public service jobs in FY 1982 is to be cut; this represents an estimated 340,000 public service jobs. These jobs are called "nonproductive" by the administration, and condemned as "interfering with the workings of the marketplace."

Other titles of CETA are being eliminated or reduced. Remaining training (Titles II-B and II-C) and youth employment (Title IV-A) programs will be consolidated and reduced -- a familiar Reagan double whammy -- and reoriented toward the "stimulated" private sector, emphasizing the development of "marketable skills." These titles will be consolidated into a single general-purpose training grant program under Title II; about \$900 million more dollars of Carter-budgeted CETA funds will evaporate in this boiling-down process.

Not affected so far in the administration's budget revisions are the Job Corps, Summer Youth, Older Americans and Private Sector Initiatives programs. But additional cuts are proposed in Employment Services grants to states (Reagan suggests using "private sector mechanisms" to help place CETA workers in other jobs) and Title III national programs, which support groups like the National Urban League and the Center for Community Change in rendering technical assistance to community-based organizations in employment development.

The Welfare Reform Demonstration Programs and Young Adult Conservation Corps (like the Youth Conservation Corps in Interior) are slated for elimination immediately.

As the ERP budget revisions note, "Individuals who lose their (CETA) jobs would be eligible for unemployment compensation." But unmentioned is the new wrinkle in this year's federal budget: Formerly the federal government reimbursed states for the unemployment compensation they paid to former CETA workers. Now this year's CETA public service funds are likely to be reallocated by prime sponsors to cover the unemployment costs of currently employed public service employees. The National Association of Counties has warned its member governments to consider laying off CETA employees right away if their unemployment budgets can't handle the extra load.

Health & Human Services, Education, and Urban Development

Perhaps the most sweeping and confusing of the changes recommended in government priorities are found in the Departments of Education (DOE), Health and Human Services (HHS), and Housing and Urban Development (HUD). Peppered throughout these agencies are categorical grants programs that have sometimes been helpful to neighborhood arts groups but which will soon disappear through the "clump and cut" process.

So far, there has been little public information about precisely which programs will be affected and how the new block grant programs will operate, but the effects will

be sweeping: Forty-four elementary and secondary education categories in DOE will be consolidated into two big block grant programs -- but with \$1.5 billion less in 1982 than Carter proposed for these programs (and 25% reductions are being made in the current year).

Similarly, "numerous social and community service activities" in HHS and other agencies will be clumped and cut by \$1.2 billion in the 1982 budget, with block grants to states replacing a collection of programs formerly administered nationally and open to direct granting to nonprofits and governmental units. The same phenomenon recurs in health services, where 26 federal categorical grants programs will be consolidated into two block grant programs to states, reducing their combined 1982 budget authority by \$500 million.

In HUD, the Urban Development Action Grants (UDAG) and Community Development Block Grants (CDBG) programs will be combined into a single program and reduced by \$500 million from the Carter 1982 budget, a relatively small cut of about 11%. Similar consolidation-and-reduction schemes are proposed for ten Bureau of Indian Affairs programs (reduced a significant \$400 million) and for low-income home-heating and other hardship assistance (also reduced by \$400 million).

At each turn, the ERP claims that administrative savings will result from the consolidation of these programs, though these claims fall far short of making up for the proposed reductions -- and the administrative savings may have to be made up by state and local governments.

The March 10 budget revision document claims that the categorical grants programs proposed for consolidation represent 10,000 separate grants and approximately 88,000 grant sites. It doesn't mention the impact and cost of assuming responsibility for all these public programs at the state and local levels.

Though it is described in "populist" terms as returning the decision-making about public expenditures to states and localities, the trend to block grants can also be seen as a divide-and-conquer tactic: Give the states and municipalities a smaller slice of the pie, and let prospective recipients fight with each other over who gets a bite.

Other federal programs -- the Economic Development Administration (EDA), and economic development commissions like the Appalachian Regional Commission (ARC), for example -- are slated for elimination beginning with heavy reductions in the current year. Likewise, Interior's Heritage, Conservation and Recreation Service (HCRS, discussed as was ARC in NAPNOC notes #6) is slated for abolition, eliminating recreation support, technical assistance and grants for new recreation facilities as the Department of the Interior reverts to a passive, land-manager stance.

Cascade Effects

Beyond these program reductions, there will be what budget-watchers call "cascade effects." The simplest of these effects

to describe is that on state and municipal public arts agencies. State arts agencies receive annual block grants from the NEA that account for 20% of the NEA's total budget; \$275,000 apiece in the current year. If NEA's budget is halved, so will the state block grants be cut in half. And when state arts agencies look to their state legislatures to make up the difference, they may find themselves in unprecedented competition with every other state function that's been hurt by federal budget cuts, so it's difficult to predict how much the block grant reductions will mean.

Similarly, educational institutions and school districts that have provided support for community arts projects or brought arts programs into the schools are likely to do less of either when they lose federal money. Like the state and municipal governments, they will have reduced funding, and they will be forced to set priorities among the many competing claims on their budgets.

No One Is An Island

We have a tendency to think of the impact of the ERP only in terms of direct losses. But beyond the money neighborhood arts groups stand to lose in grants and subgrants are effects which may turn out to be even more significant in the long run: Let us not forget that neighborhood arts exist in a larger social and economic context.

Even the administration's spokesmen (the absence of spokeswomen is noted) admit that the ERP will mean the rich get richer and the poor poorer.

Unemployment benefits will be reduced and shortened -- and unemployment has provided the "cushion" on which many people, neighborhood artists included, have relied -- and food stamp benefits will be restricted and reduced. Welfare programs will be cut, as will energy assistance and all forms of public subsidy for the basic living expenses of poor people.

The newspapers are full of examples of people with marginal incomes -- CETA workers for example -- who through cuts to social service programs will be pushed out of work and onto welfare (if indeed welfare is there for them). Both the Washington Post and the New York Times have in recent weeks offered examples of such federally-triggered poverty: For example, a low-pay clerical worker whose food stamp allocation would be cut because her children attended schools that participate in the federal school lunch program, and who would therefore be left with less income than she would have had on welfare. The Reagan administration estimates that the ERP will push over 400,000 families off welfare and cut the benefits of almost 300,000 others.

Many people whose incomes fall in this marginal area work in community groups and participate in neighborhood arts programs. Unemployment will be higher among people who formerly held government jobs. These people will have even less "discretionary income."

These factors can affect neighborhood arts groups' ability to earn money, and

the amount of time volunteers and participants are willing to give their work with community groups. And neighborhood arts groups will be competing with the other social services which need support from state and local funding-- and low-income people also need health and housing assistance that will have been cut.

A New Migration

The *neighborhood* part of neighborhood arts may be affected too. Many groups have seen their own development as part of a developing sense of the importance of community life-- of recognizing and strengthening community ties. But inherent in the ERP is a shift in U.S. population-- despite the pro-neighborhood pronouncements of the administration.

Most of the budget cuts we've mentioned are being made to raise military spending and boost industrial development. On March 13, the President announced that the U.S. will stockpile \$15 billion worth of "strategic minerals," beginning with 1.2 million pounds of cobalt, used in manufacturing jet engines and high-strength steel. "It is now widely recognized," he said, "that the United States is vulnerable to sudden shortages in basic raw materials that are necessary to the defense production base."

Minerals development and defense manufacturing are centered in the west and in the "sun belt." Wyoming and Montana have already seen "boom towns" develop as new mining ventures are opened; if predictions are correct, we will see another internal migration to rival the post-World War II movement west. We would then witness not just an increase in the boom town phenomenon, but a corresponding decline in the cities of the northeast.

If such a shift takes place, we can expect it to produce another and even more serious round of the problems which came to the fore in the Fifties and Sixties: urban neighborhoods abandoned by business and government; and mobile suburban populations living without real community life, à la Nicholas Ray's Rebel Without a Cause.

Fortune-Telling

Finally, many people don't think that the ERP will work; that is, they don't believe Reagan's program will lower unemployment or inflation or achieve its other stated economic aims.

The ERP is predicated on a single assumption: That with lower taxes and a favorable climate, business will spend money to expand, hire workers, increase productivity, and so on. The March 10 budget revisions estimate that 13 million new jobs will be produced by 1986 because of "reduced tax burdens and increased private savings."

There is another side to this bit of speculation: It may be that the most important factors in the equation are not in most business' control-- energy costs, for example; and that they will use their tax benefits to make up deficits or carry on business as usual, creating no new jobs--

and worsening inflation.

According to this line of argument, one reason the administration has raised military spending so dramatically is because defense industries are geared up for large-scale hiring and can help to lower unemployment for as long as the government keeps paying. But if all the newly-employed are working on government contracts, the President's ERP will be little more than CETA for the defense industry.

One of the administration's stated goals for the ERP is to balance the federal budget-- voters were promised this by 1983, though 1984 is ERP's target. If this goal is to be achieved despite the administration's commitment to continual increases in military spending and the 3-year income tax cut, even deeper social service cuts will be made-- especially since most economists now predict that this year's deficit will be 30-100% larger than the ERP projections.

If the ERP doesn't create jobs and reduce inflation, the next few years hold the prospect of a new depression -- without jobs, without social services, and in all likelihood, without some of the neighborhood arts groups that now exist.

Visible Means of Support

Now, despite the confidence with which the Reagan administration predicts speedy success for its budget package, it will face opposition and is unlikely to pass without some revisions, perhaps substantial revisions. But if the ERP does pass into official policy, the question of support for neighborhood arts will look like this:

Government: State and local government will move to the forefront as potential public funding sources for neighborhood arts. At the local level, neighborhood arts groups seeking public funds will compete with many types of community organizations and social services, both for block-granted federal funds, and for state and local revenues.

In places where limitations have been placed on the state's power to tax -- California since Proposition 13, for instance -- there may be some heated struggles in the next few years. Federal money has saved a good many programs that would have been severely damaged or eliminated when Prop. 13 passed -- with half as much NEA support and only a small fraction of CETA funding coming into the state, the ERP could deliver the final blow to such programs.

Private Philanthropy: Will business respond to Reagan's exhortations to take up the funding slack federal cuts will leave in social services? The Proposition 13 experience would counsel against this expectation. Much was made after Prop. 13 passed of corporations' "windfall" tax savings; this "windfall" was hopefully seen as the capital for a new philanthropy.

Now the ERP's proposed tax savings for business are seen with the same fond hope. But so far, business has been urged to reinvest and expand with far more fervor than has marked the administration's gentle re-

minders of corporate social responsibility. And private sources which currently support the kinds of organizations and services which would be hurt by the adoption of the ERP already report nearly a twofold increase in the number of applications.

Economic Development: This is perhaps the most difficult of all to predict. The Reagan administration is pro-business and some neighborhood arts groups with economic development potential -- a building to renovate and revenue potential from rents, the proceeds of a restaurant, or a product to sell -- are examining the new administration's programs hoping to find opportunities for neighborhood arts entrepreneurship. The "urban enterprise zones" Reagan proposes to spur economic activity in depressed neighborhoods might provide capital for local groups for physical development and marketing schemes, for example.

Excuse Me, Waiter

There's a rather large fly in the economic development soup, though, since the new administration wants the federal government to greatly restrict its role as lender. The Small Business Administration (SBA), the National Consumer Cooperative Bank (NCCB), HUD's rehabilitation loan fund, and EDA all have offered direct loan assistance to groups and individuals unable to compete on the soaring credit market. Current year cuts of \$585 million and 1982 cuts of \$899 million will reduce these programs' reach considerably (EDA and NCCB are slated for abolition, as are SBA's special programs for minorities and women). Additionally, many loan guarantees heretofore available to small borrowers are being cut and eliminated, forcing even more into the commercial credit market. Overall, \$13.6 billion in direct loans and guarantees would be cut this year; \$21 billion in 1982.

Appearing before a Congressional committee the week the final budget revisions were issued, David Stockman explained that the 25% reduction of the SBA and other cuts in federally-assisted credit would target federal assistance to "healthy" businesses that could better compete on the commercial credit market. Clearly, this manifestation of the "law of the Yukon" will make it even more difficult for neighborhood arts groups to explore related business options.

Toward Higher Ground

This bleak support picture has another dimension, perhaps the most important of all for the future of the neighborhood arts movement. If the ERP does pass and does add to the ranks of the poor, both in the realm of organizations and of individuals, the neighborhood arts movement is going to have to grapple with a question that's haunted its members for years: How can community cultural work rely for its support on community members themselves? This question give birth to another: How is neighborhood arts work useful to people, especially in difficult times?

Neighborhood artists have been talking for a long time about the problems of the grants game -- its capriciousness, unrelia-

bility, time and energy consumption and unmasked-for effects on the programs and administration of grantees. Needless to say, if the ERP passes it will exacerbate these problems; it will underscore the urgency of finding alternatives.

Clearly, neighborhood arts people can't snap their fingers and provide their organizations with a broad base of support -- a dollar apiece from many people instead of larger sums from a few sources. It will be a slow process, requiring perseverance and a large dose of willingness to learn.

We have already heard from some people for whom this process has begun. They are talking about neighborhood arts groups working to benefit other community organizations, and earning income from fees; or about groups turning their efforts to education, mounting performances or public artworks that help to advance the cause of social justice, and getting support from others who share the same goals.

Our own thoughts about the neighborhood arts movement and the ERP have continually returned to this challenge. In The Education of Carey McWilliams, the wonderful political biography of this activist and author, Mc Williams discusses the reactionary period following World War II -- a period which reveals some interesting similarities with the current one, and during which "Howard K. Smith observed that the locus of government seemed to have shifted 'from Washington to some place equidistant between Wall Street and West Point.'"

If the administration has its way, Wall Street and West Point will again dominate the American political landscape. Where will the neighborhood arts movement stand?

If you haven't been reading NAPNOC notes, you've missed monthly coverage of resources for neighborhood arts work, current developments in cultural policy and news of the neighborhood arts movement.

Sign me up for a year's subscription. Enclosed is my check for \$25.

Please send me information about becoming a NAPNOC member. (Members receive a free subscription to NAPNOC notes; membership fees start at \$25 per year.)

I know other who'd be interested in NAPNOC. Please send me ___ copies of this newsletter and other information.

Name Contact phone

Organization name

Mailing address Zip

Please return to NAPNOC, P.O. Box 3036, Washington, DC 20010, or call NAPNOC at (202)667-4200.

THE ERP AT HOME

If President Reagan's "Economic Recovery Package" wins Congressional approval, how might it affect your organization? Please answer the following questions and return this form to NAPNOC as soon as possible. If we have your permission to cite specific examples from your organization's budget, please check here . If not, we will use only aggregate data compiled by adding information from all returned forms.

Organization's name	Your name			
Mailing address	City	State	Zip	Contact phone

1. What is your organization's total operating budget this year? \$ _____
2. Please list your organization's current federal support sources: Specify (a) Name of federal agency and program or title under which you receive funds; and (b) Amount of support received. For example: CETA Title II-D, \$10,000. Feel free to include any additional detail you like.
3. Please list your organization's other government support sources (state and municipal): Specify (a) Name of government unit and program or title under which you receive funds; and (b) Amount of support received. For example: State Arts Council Touring Grant, \$15,000.
4. Please list your organization's other sources of income.
Foundation or corporate grants: \$ _____
Fees, ticket sales and subscriptions: \$ _____
Other (please specify): \$ _____
5. Please add anything else that you think will help to illuminate the possible impact of the ERP on your own organization and others in your region. If you have possibilities in mind for making up lost funding, please mention them.

Thank you for your help. Please return this completed form to NAPNOC, P.O. Box 3036, Washington, DC 20010. If you have questions, feel free to call at (202)667-4200.

CULTURAL DEMOCRACY MONTH

Last month's newsletter announced that May, 1981 is CULTURAL DEMOCRACY MONTH. During May, neighborhood arts people across the U.S. will take part in a month-long decentralized "demonstration" using the skills, tools and resources of our movement. NAPNOC invites you to participate in this nationwide celebration of cultural democracy.

CULTURAL DEMOCRACY MONTH aims to help carry a message to the people of the United States: That America's cultural heritage includes all of us — men and women, young and old; in rural, urban and suburban neighborhoods; artists, administrators and community workers, coming from all ethnic backgrounds. It's important now to emphasize our strengths — cultural diversity, equality and freedom of expression.

We are alarmed because the vocal right wing is trying to draw a picture of American culture that centers only on the high arts, on the tastes of the established institutions and academies. This picture excludes public support for community-based cultural institutions, for non-Western cultural forms and traditions, and for the critical and experimental.

The right's view is inimical to cultural democracy, which is based on the principle that every person and every community has the right to culture and to self-determination. We know that America consists of many equal and co-existing cultures, and that government has no more right to promote one culture above the rest than it has to establish a State religion or political party.

NAPNOC's Fifth Annual Membership Meeting in Washington, DC, will focus on BUILDING CULTURAL DEMOCRACY: Community Development, Cultural Rights and Public Policy in the '80s. Slated for May 22-23, the conference will bring together neighborhood arts people and others concerned with building democratic community culture to discuss the goals and challenges to our work in the years ahead.

We urge you to participate in CULTURAL DEMOCRACY MONTH and to encourage others to join in too. Please complete this form and return it to us right away — we'll send you more information soon.

Organization's name

Your name

Mailing address

City

State

Zip

Contact phone

- My organization endorses the above statement and joins in the call to participate in CULTURAL DEMOCRACY MONTH. You may use our organization's name in national publicity for the celebration.
- During May, my organization will reprint the statement of principles of CULTURAL DEMOCRACY MONTH in our newsletter, programs and announcements.
- During May, my organization will sponsor the following special events in honor of CULTURAL DEMOCRACY MONTH (e.g., performances, exhibits, murals, posters, parties, demonstrations, broadsides, broadcasts....)
- My organization will send out local press information on CULTURAL DEMOCRACY MONTH events.
- Some of us may be able to attend the May 22-23 meeting in Washington; send more info.
- PLEASE KEEP NAPNOC INFORMED OF YOUR ACTIVITIES IN HONOR OF CULTURAL DEMOCRACY MONTH: Send us documentation of all your programs and publications in during the month-long celebration.

NAPNOC

neighborhood arts programs
national organizing committee

P.O. Box 3036, Washington, DC 20010