To Bruce - Interesting

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THE PRESIDENT HAS SEEN

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Portrait of the artist as a young waiter. Feed the muse from a real endowment

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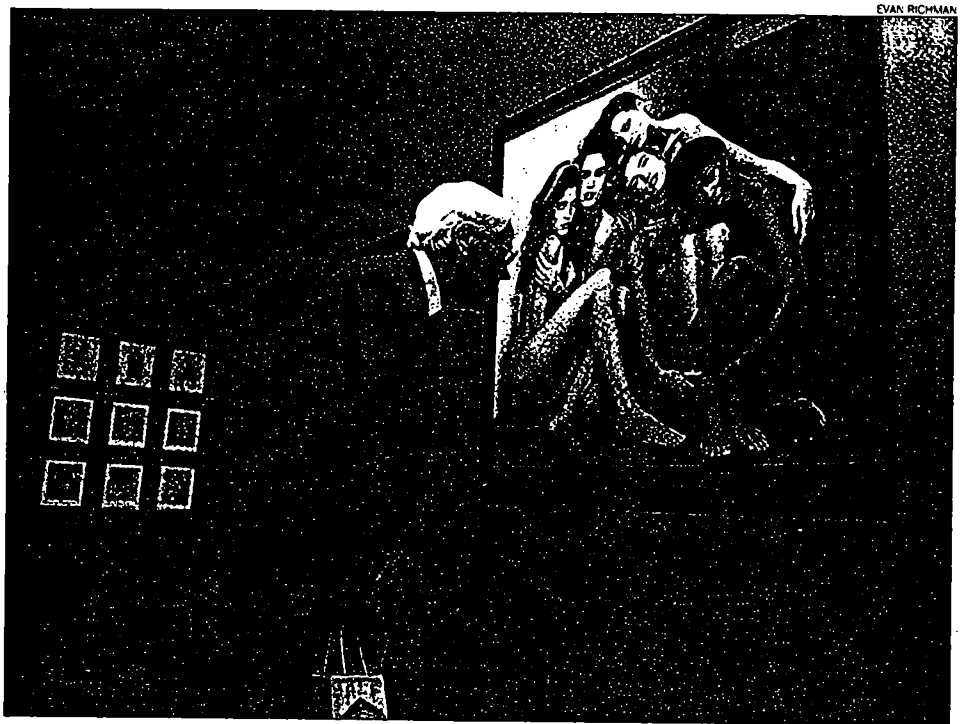

I don't know art, but I know what I like. And that's the problem with an arts ministry.

The National Endowment for the Arts, our federal funding agency for culture, has an anomaly in its name: the word *endowment.* Since it was founded in 1965, the NEA has never been a true endowment – that is, a huge fund whose earnings in interest and dividends are used to support the arts. Rather, it is funded like most other government agencies, through annual appropriation by Congress. This affords conservative lawmakers a yearly opportunity to grandstand about the occasional bizarre NEA-sponsored work of art as a pretext for slashing the agency's funding. Consequently, the NEA's budget has plummeted from $176 million in 1992 to under $100 million today. The only way to stop this death spiral is to abandon the NEA and create a true endowment, funded by a ~~short-term~~ tax on entertainment, including the cultural corner that conservatives complain about most: Hollywood.

Two states have already started in this direction. Missouri and Texas have begun building $200 million endowments, which eventually will generate enough cash to remove arts funding from the state budget entirely. Eight other states are also creating more-modest endowments to supplement appropriations.

Both Missouri and Texas are building their endowments by combining tax revenues and private donations. In Missouri, one quarter of the money will come from a state income tax on visiting artists and athletes, and three quarters from private fund-raising. In Texas, the public portion will come from taxes on amusements, cigarettes, hotel occupancy and gasoline; the private portion, from fund-raising and merchandising.

Who could argue? Tax Snoop Doggy Dogg and Stallone to fund children's theater and Beethoven's Ninth.

Entertaining taxes. We should follow this model of public-private partnership. In her book *Art Lessons,* Alice Goldfarb Marquis suggests a ½ percent federal tax on commercial entertainment and professional sports; even such a tiny tax, authorized for only three years, would bring in $6 billion. A private campaign over those three years could generate an additional half billion from foundations, corporations and individuals. At 6 percent interest, a $6.5 billion endowment would earn $390 million per year. Plowing $50 million back into the principal would leave $340 million a year for arts funding – nearly double the NEA's budget in its most beneficent years. To maximize growth, the new endowment should be invested not in government bonds but in equities, which are riskier but offer higher returns. The investment should be managed by professionals in the private sector.

It will be a political challenge to persuade Congress to hand over $6 billion in tax dollars to a private organization – with no federal strings attached. But the strategy is designed to appeal to a broad range of lawmakers. There's the obvious appeal of taxing controversial entertainment like gangsta rap and adult fare from Hollywood in order to support arts institutions like symphonies and theaters. In fact, the tax could be structured as a "disincentive" to "immoral" culture by having it fall heaviest on adult entertainment. The endowment's charter also could be structured to allow funds for institutions rather than individual artists. (The NEA is already moving this way.) Fiscal conservatives should also be attracted to the idea of levying one small tax for just three years. And few lawmakers will resist ending the bitter budget fights, contentious government oversight and the politicizing of the arts.

So let the government collect a tax, then get out of the way. The creation of a true arts endowment can be a real collaboration between the people and their government – just once, but forever. ■

BY JOSEPH WESLEY ZEIGLER

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