

RESEARCH / DEEP-DIVE #1

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# The ARPA Cliff

A research brief on how temporary American Rescue Plan arts relief moved through federal, state, and local systems — and what happens as those dollars run off.

BY BITCOIN FOR THE ARTS RESEARCH / VERSION 1.0 / LAST REVIEWED 2026-05-10

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## Executive summary

The ARPA cliff is not a slogan. It is the end of an emergency funding architecture that temporarily changed how arts money moved in the United States. In 2021, the American Rescue Plan allocated \$135 million to the National Endowment for the Arts for arts-sector recovery.<sup>1</sup> At the same time, the State and Local Fiscal Recovery Funds program delivered \$350 billion to state, local, territorial, and Tribal governments.<sup>5</sup>

Those two rails functioned differently. NEA ARP dollars were explicitly arts-sector relief. SLFRF dollars were flexible state and local recovery funds; arts support happened where public officials chose to treat artists, venues, local arts agencies, and cultural organizations as part of community recovery.

By 2026, the question is no longer whether ARPA stabilized parts of the arts sector. It did. The question is what survives after temporary relief moves off the balance sheet and ordinary public budgets resume. The fiscal risk is not that every ARPA-funded program vanishes at once. The risk is that many local arts ecosystems were briefly capitalized by one-time federal money but were not converted into durable recurring funding.

*ARPA did not create a new permanent arts funding system. It revealed what became possible when emergency public capital reached artists and cultural organizations quickly enough to matter.*

### NEA ARP ALLOCATION

**\$135M**

American Rescue Plan funding allocated to the National Endowment for the Arts for arts-sector recovery.

### STATE/LOCAL RECOVERY FUND

**\$350B**

Coronavirus State and Local Fiscal Recovery Funds made available to state, local, territorial, and Tribal governments.

### DIRECT NEA ORG GRANTS

**567**

### SLFRF SPEND DEADLINE

**2026**

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## Two federal rails, one local cliff

ARPA arts funding is often discussed as if it were a single grant program. That misses the structure. The first rail was the NEA's \$135 million ARP allocation, which was designed specifically for the arts and culture sector.<sup>1</sup> The second rail was SLFRF, a much larger \$350 billion recovery program for state, local, territorial, and Tribal governments.<sup>5</sup> SLFRF did not require cities to fund the arts, but it gave them enough flexibility to do so.

This distinction matters for 2026. NEA ARP dollars can be tracked as a federal arts intervention. SLFRF arts dollars are harder to summarize nationally because they depended on local budget choices, local arts advocacy, and local definitions of recovery. That is why the cliff is uneven: one city may have used recovery funds for artists and cultural agencies; another may have prioritized infrastructure, payroll, broadband, public health, or revenue replacement.

### WHY THIS MATTERS

The ARPA cliff is not just the expiration of a grant program. It is the loss of flexible fiscal room that allowed cities and states to treat cultural infrastructure as recovery infrastructure.

## How NEA ARP funding moved

The NEA's ARP allocation moved through three primary channels. In April 2021, the agency announced that 40 percent of its \$135 million allocation – more than \$52 million – would go to 62 state, jurisdictional, and regional arts organizations for regranting through their own programs.<sup>2</sup> In November 2021, the NEA announced \$20.2 million to 66 local arts agencies for subgranting. Those agencies could distribute local grants to eligible recipients for jobs, operations, facilities, health and safety supplies, and marketing or promotional efforts.<sup>3</sup> In January 2022, the NEA recommended \$57.75 million in direct ARP awards to 567 arts organizations. The agency reported that 27 percent of those recommended organizations were first-time NEA grantees and 78 percent were small or medium-sized organizations with budgets below \$2 million.<sup>4</sup>

### NEA American Rescue Plan arts funding moved through three channels

The \$135M NEA allocation included state/regional regranting, local arts agency subgranting, and direct grants to arts organizations.



That distribution design is important. It did not only route money through large national institutions. It intentionally used state agencies, regional organizations, local arts agencies, and direct organizational grants to reach different parts of the arts ecosystem.

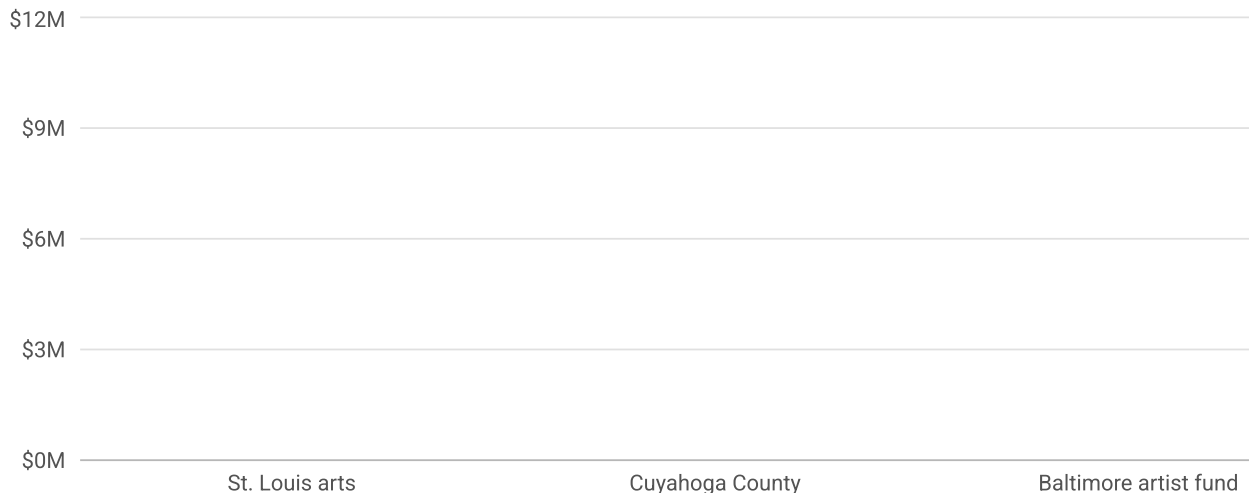
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## How cities and states used SLFRF

SLFRF was broader than arts relief. Treasury describes the program as support for governments responding to and recovering from COVID-19, including replacement of lost public-sector revenue, maintenance of public services, and investments in long-term recovery.<sup>5</sup> Within that broad authority, some governments directed money toward artists, cultural organizations, and local arts agencies. The National League of Cities documented cities using SLFRF for arts and culture, including St. Louis, where the Regional Arts Commission was set to receive \$10.6 million in ARPA funds, and Winston-Salem, where \$1 million supported a local arts-and-health initiative.<sup>7</sup> Pennsylvania created the COVID-19 ARPA PA Arts and Culture Recovery Program with minimum grants of \$25,000 and maximum grants of 25 percent of an applicant's operating budget or \$500,000, whichever was less.<sup>8</sup> Cuyahoga County, Ohio proposed \$3.3 million in ARPA funds for the creative economy, split between Cuyahoga Arts & Culture and Assembly for the Arts to support arts nonprofits, creative workers, and for-profit creative businesses.<sup>9</sup> Baltimore established a \$500,000 ARPA Artist Grant Fund for local artists and separately reported \$8.2 million committed to revitalizing the arts as of October 2024.<sup>10 11</sup>

### Selected local and state ARPA arts interventions varied widely in scale

Examples show how flexible recovery dollars were adapted to different local arts ecosystems.



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## What changes in 2026

The 2026 cliff is a spending and replacement problem. NLC notes that after the December 2024 SLFRF obligation deadline, municipalities had until December 2026 to spend the dollars.<sup>6</sup> For arts programs funded with one-time ARPA dollars, this creates a planning question: does the activity become part of a recurring city, state, foundation, or earned-revenue budget, or does it end when the recovery allocation is spent?

State arts appropriations provide one comparison point for the post-relief environment. Arts Midwest's summary of NASAA FY2026 data reports national legislative appropriations to state arts agencies of \$646 million, down 5.9 percent from \$694.3 million in FY2025.<sup>12</sup> That number is not an ARPA-only metric, and it should not be treated as a direct measure of the cliff. It is better read as evidence of the fiscal environment into which ARPA-funded arts capacity is landing.

### Post-relief state arts appropriations entered FY2026 below FY2025

Arts Midwest's summary of NASAA FY2026 data reports national state arts agency appropriations falling from \$694.3M to \$646.0M.



## Selected examples and comparison

The examples above show four different uses of temporary recovery capital. St. Louis routed a large city allocation through a regional arts commission. Pennsylvania used a statewide recovery program for nonprofit arts and culture organizations, local arts districts, and arts and culture professionals. Cuyahoga County split relief between nonprofit arts organizations and creative workers or businesses. Baltimore used ARPA for both direct artist support and organizational arts grants.

The common thread is not program design; it is the temporary nature of the source. ARPA helped stabilize organizations and artists after an acute shock. But one-time relief is structurally different from recurring operating support, endowment income, earned revenue, or durable donor pipelines.

### WHY THIS MATTERS

A local ARPA grant can save a program in the year it is received. It does not automatically create the next year's budget. The cliff begins when recovery dollars are mistaken for a funding model.

## BFTA's analytical conclusion

The evidence does not support a simplistic claim that ARPA failed. The opposite is closer to the truth: ARPA showed that artists, local arts agencies, and cultural organizations can absorb public capital and turn it into jobs, operations, reopening, programming, and direct relief. The problem is that emergency funding solved an emergency-funding problem. It did not solve the durability problem.

BFTA's conclusion is that the post-ARPA arts economy needs complementary funding rails that are not synchronized to the same political and municipal budget cycles. Public arts funding remains necessary. Philanthropy remains necessary. Earned revenue remains necessary. But the ARPA cliff shows why a serious arts ecosystem also needs funding mechanisms that can keep value available across cycles rather than only during emergencies.

*The lesson of ARPA is not that emergency arts funding was too large. The lesson is that the ordinary funding system was too brittle to make emergency support*

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## Methodology and source limits

This v1 report uses NEA, Treasury, National League of Cities, state agency, local government, and local intermediary sources available as of May 10, 2026. It distinguishes between NEA ARP dollars, which were explicitly arts-sector relief, and SLFRF dollars, which were flexible recovery funds that some governments directed toward the arts.

This report does not use unsourced claims from AI summaries. Claims about city-leader sentiment, Title II arts education usage, and other comparison statistics were excluded unless a source could be identified and reviewed. Figures from Arts Midwest/NASAA are used as context for the FY2026 funding environment, not as direct measurements of ARPA program outcomes.

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## Sources

1. National Endowment for the Arts, The American Rescue Plan
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3. National Endowment for the Arts, American Rescue Plan Grants to Local Arts Agencies
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11. Baltimore City, ARPA Insight Stories: Revitalizing the Arts in Baltimore
12. Arts Midwest, Public Funding for the Arts in the Midwest: 2026 by the Numbers

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