

# Today's seminar will begin shortly

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1. Dial the toll free number 1 866 275 3495.
2. Enter the meeting number \*4671867\* on your phone keypad. Enter the star (\*) key before and after the meeting number.
3. **Identify yourself.** Using your **phone** keypad, enter the unique 5-digit participant number from the bottom of your Voice Connection box. Enter the star (\*) key before and after the number.

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# 2011 State Budget Forecast

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# Your Hosts



**Eric Giles**

Learning Services  
Manager



**Sue Struve**

Communications  
Manager

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- **View all participants** in the roster to the right
- **Use the “Chat” box at any time** to submit a question or get technical help
- **During the Q&A break** presenters will answer chat questions

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# Agenda

## **State Fiscal Conditions in 2011**

Todd Haggerty, Research Analyst

National Conference of State Legislatures (NCSL)

## **Forecast for the Arts**

Angela Han, Director of Research

NASAA

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# Agenda

## State Fiscal Conditions in 2011

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Q&A

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## **Todd Haggerty**

Research Analyst  
National Conference of State Legislatures



# Update on the State Fiscal Situation

## Presentation to the National Assembly of State Arts Agencies



NATIONAL CONFERENCE *of* STATE LEGISLATURES

*The Forum for America's Ideas*

**Todd Haggerty**  
**Fiscal Program**  
**NCSL**







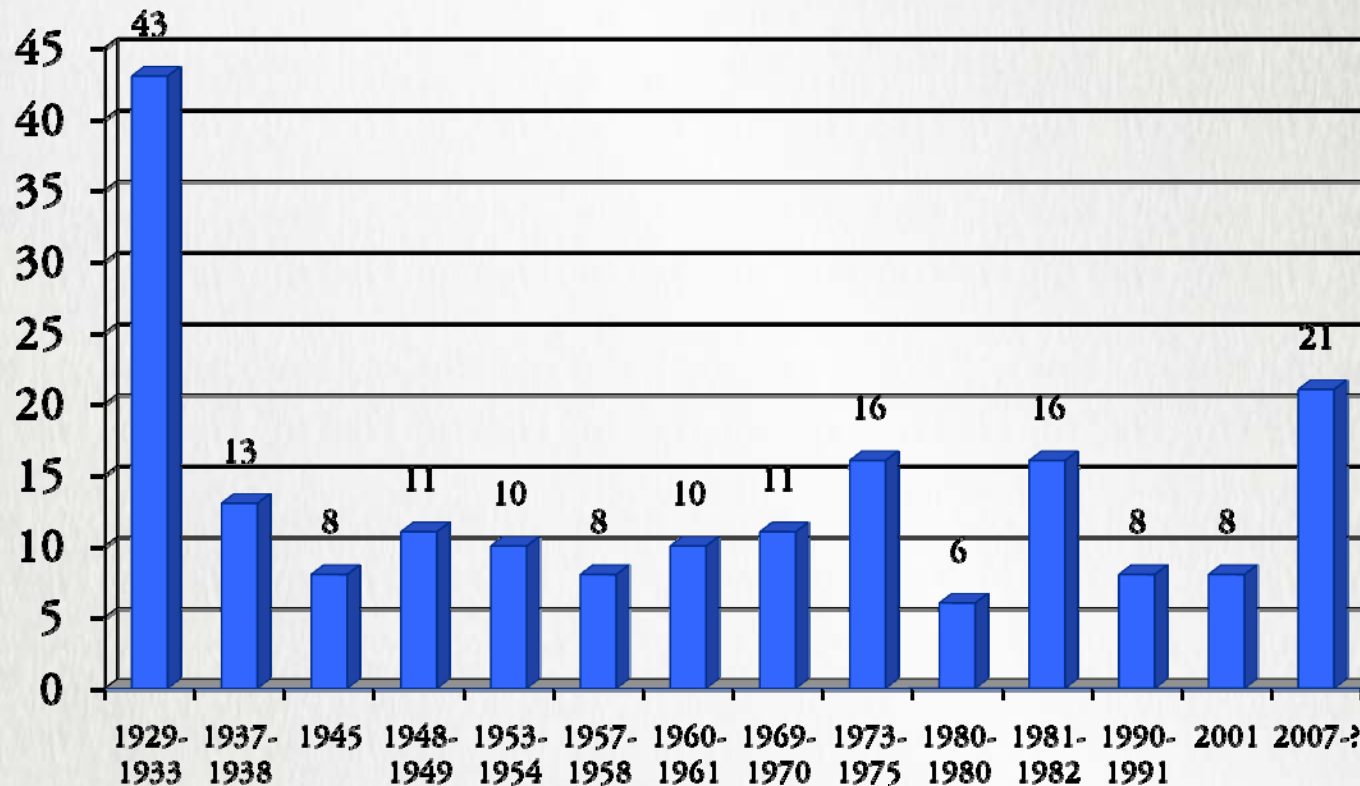
# Overview

- Although state revenue challenges continue, the steep drop appears to be subsiding.
- Many states continue to face sizeable budget gaps.
- To date, states have reported a total estimated budget gap of US\$537.2 billion (FY 2008 through FY 2013).





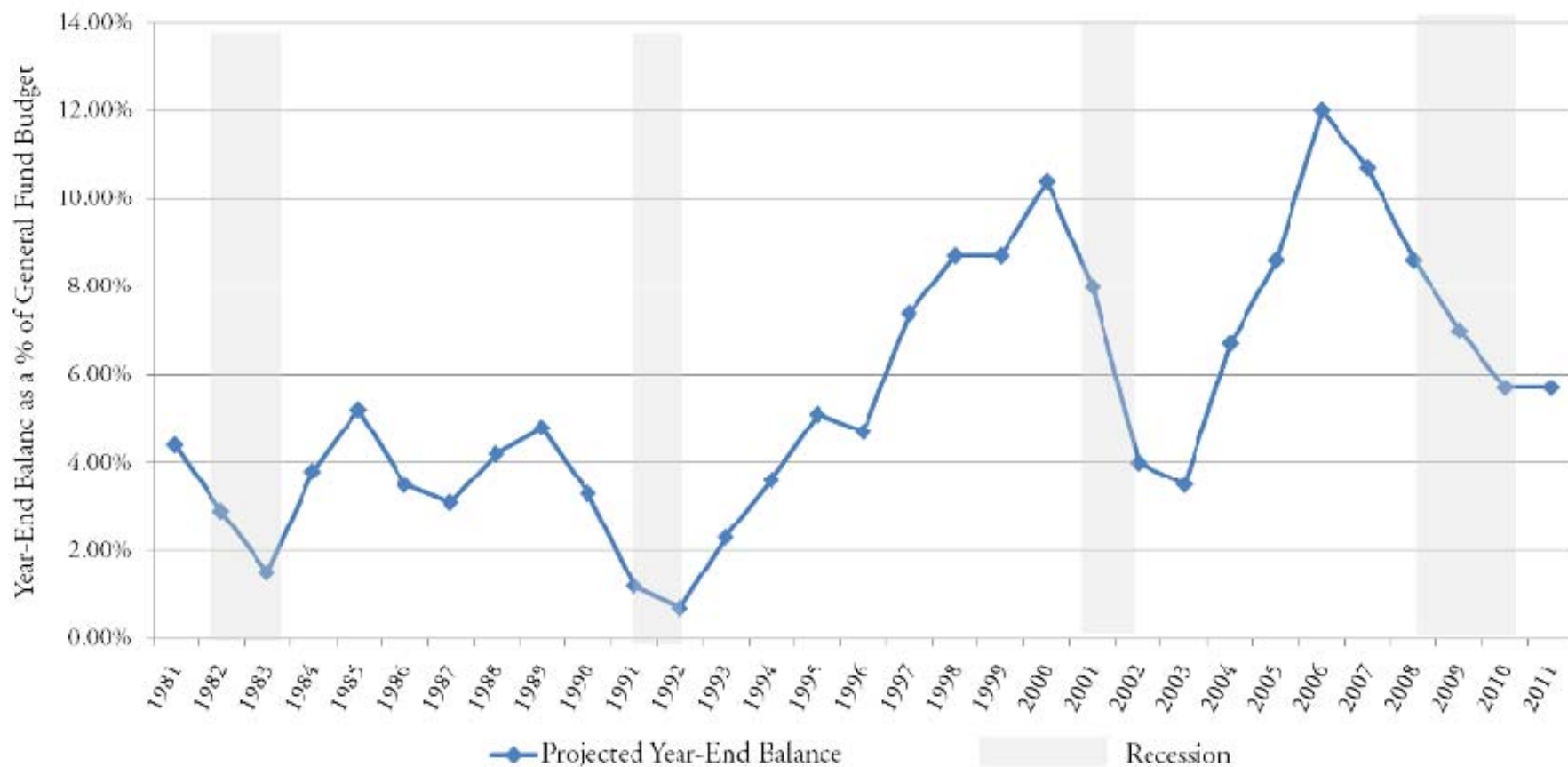
# U.S. Business Cycle Downturns 1929-2009: Duration in Months





# State Year-End Balances\*

## as a Percentage of General Fund Spending



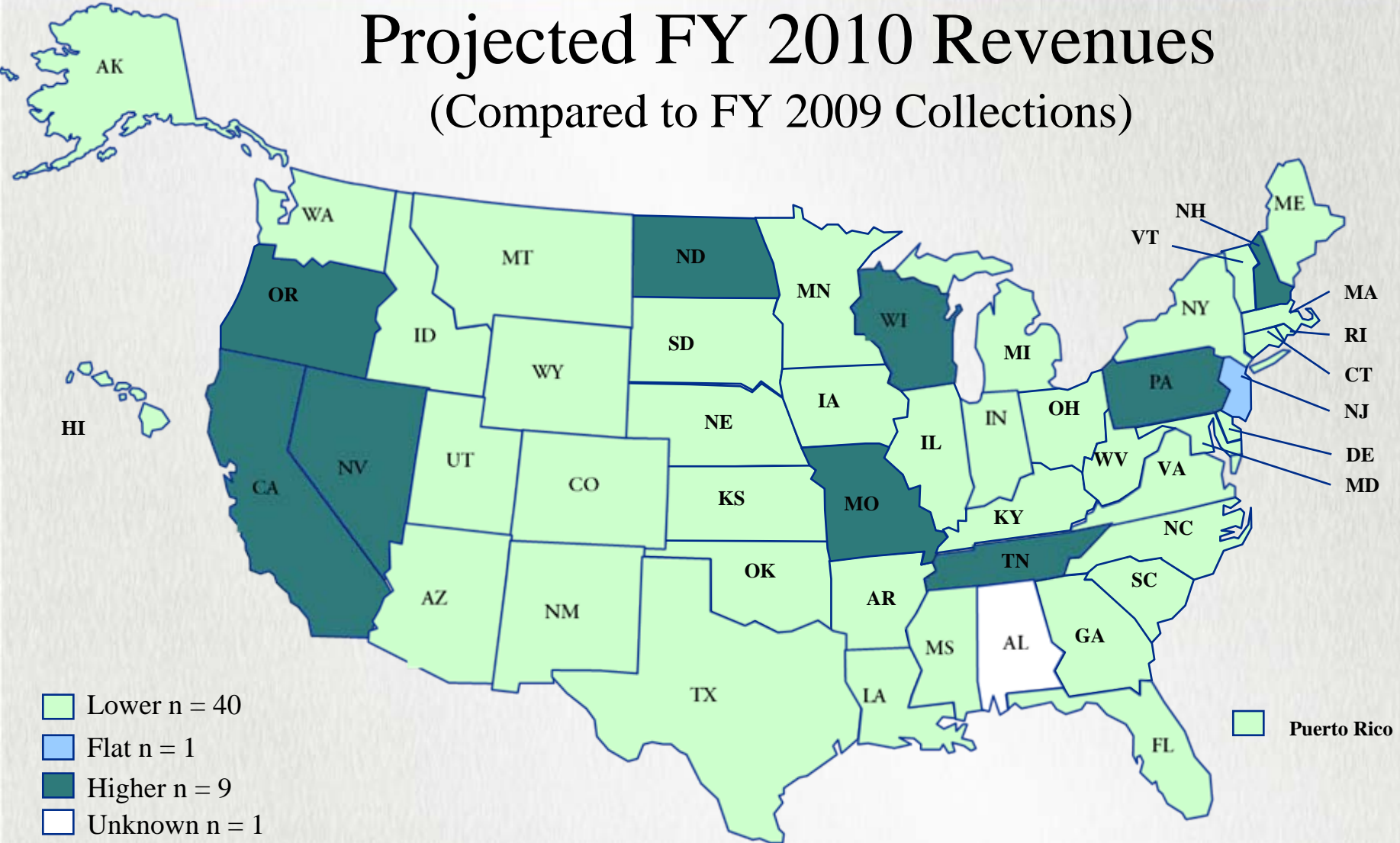
\* 45 states reporting for FY 2009-FY2011. Balances for FY 2010 and FY 2011 are projections.

Source: NCSL survey of state legislative fiscal offices, Various Years



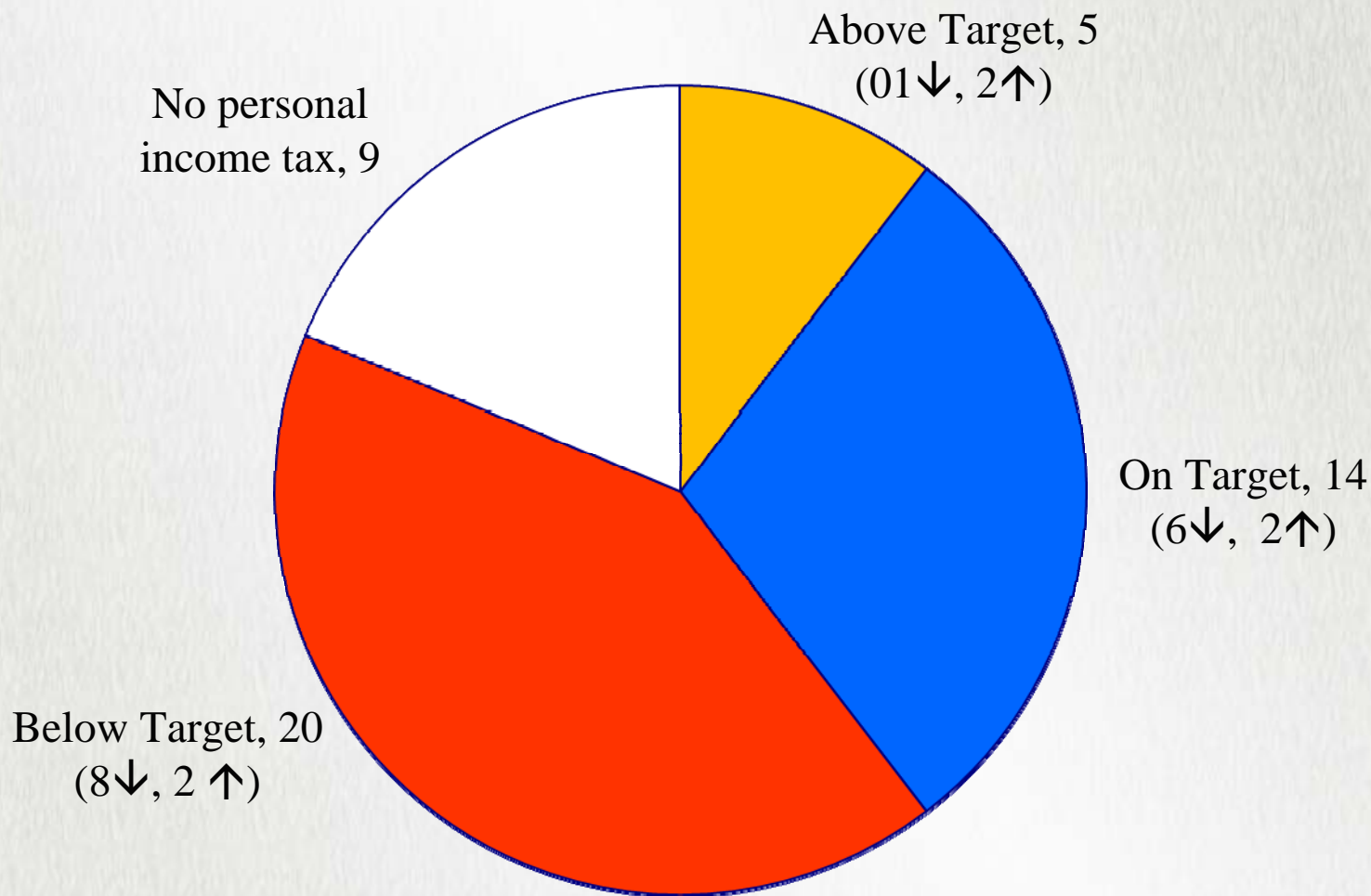


# Projected FY 2010 Revenues (Compared to FY 2009 Collections)





# FY 2010 Personal Income Tax Collections\*



\*Compared to the latest Estimate

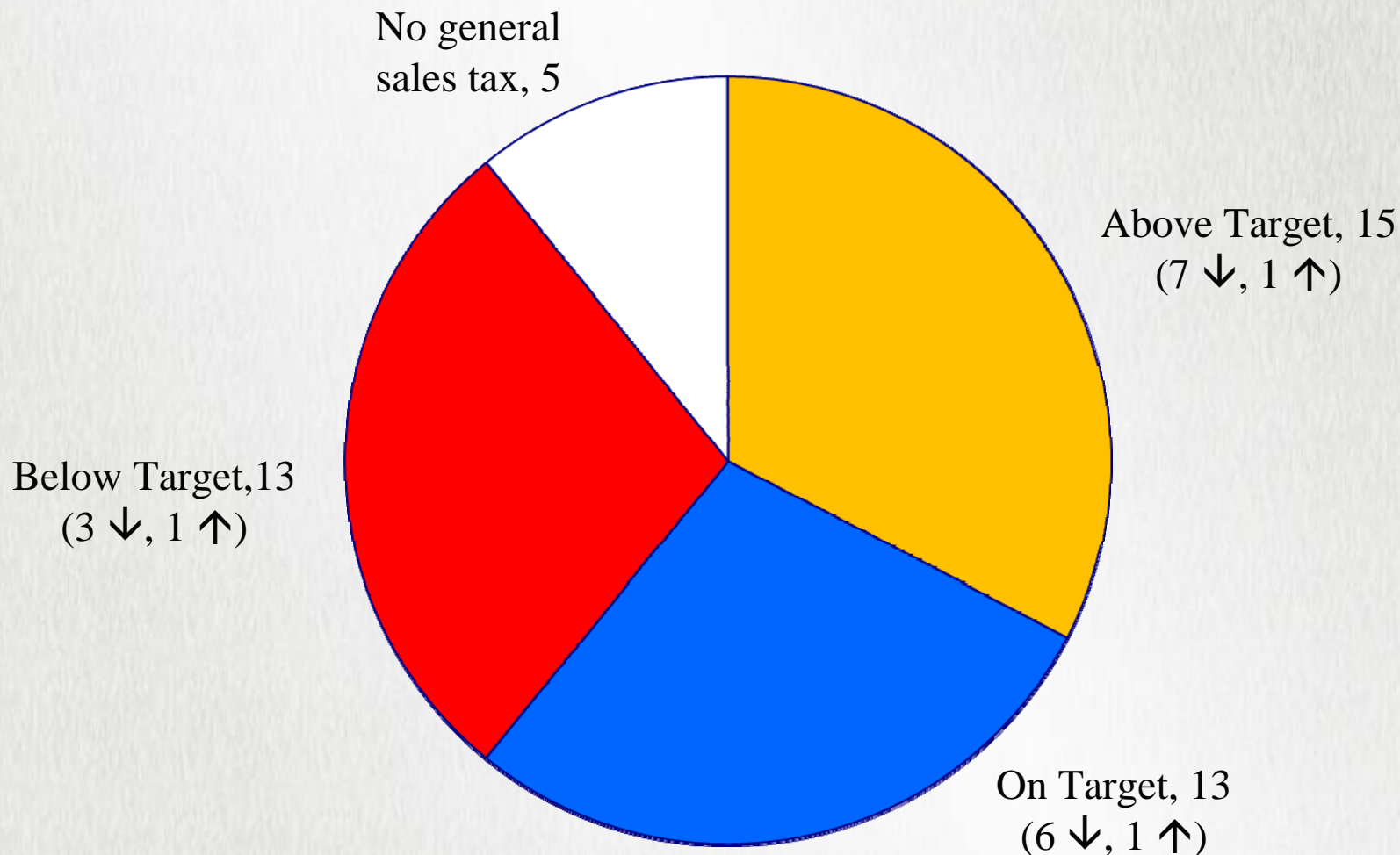
↑ forecast increased; ↓ forecast reduced

California and New York did not provide information.

Source: NCSL survey of state legislative fiscal offices, July 2010.



# FY 2010 General Sales Tax Collections\*



\*Compared to the latest Estimate.

↑ forecast increased; ↓ forecast reduced

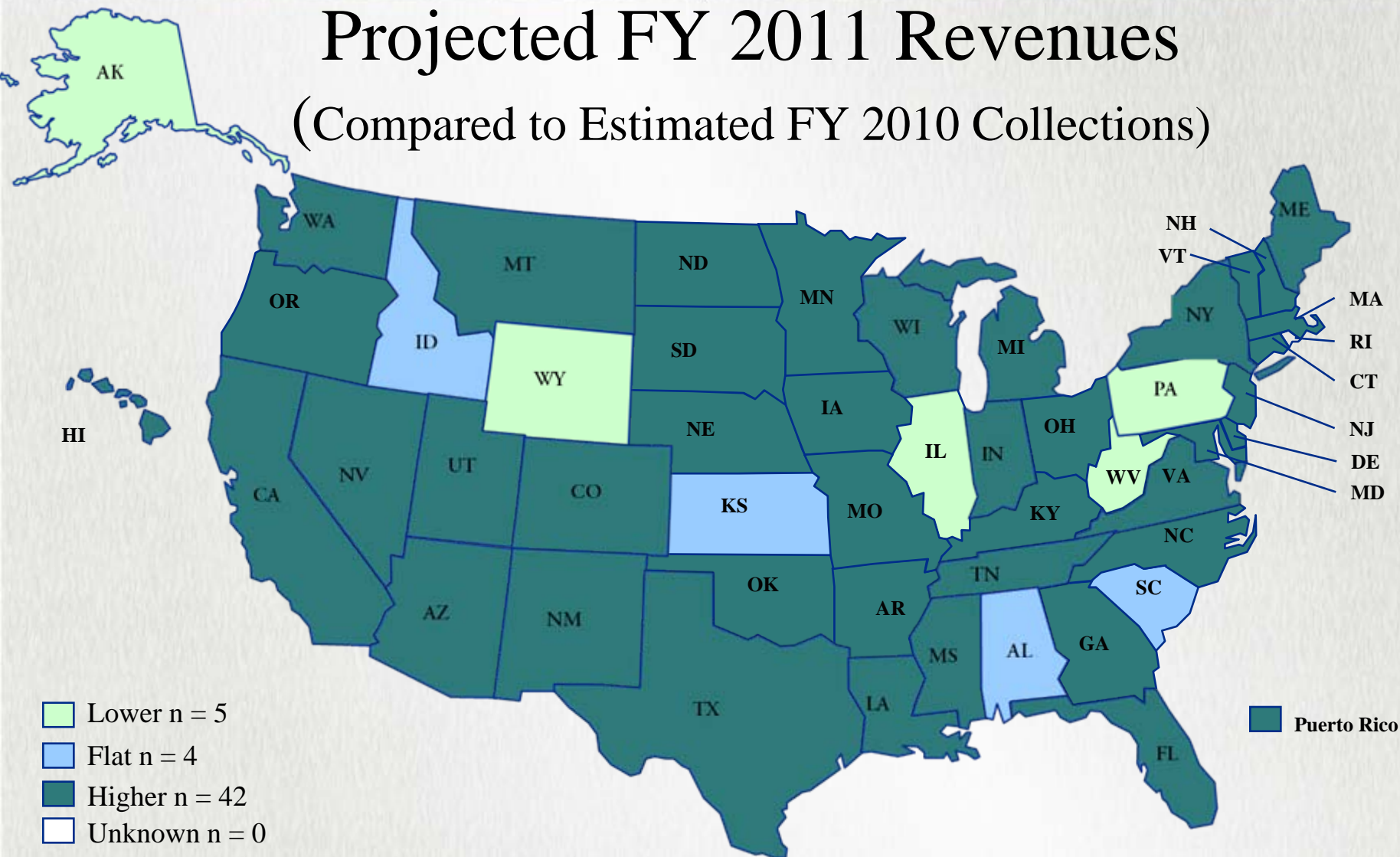
California, Florida, New York and Washington did not provide this information.

Source: NCSL survey of state legislative fiscal offices, July 2010.



# Projected FY 2011 Revenues

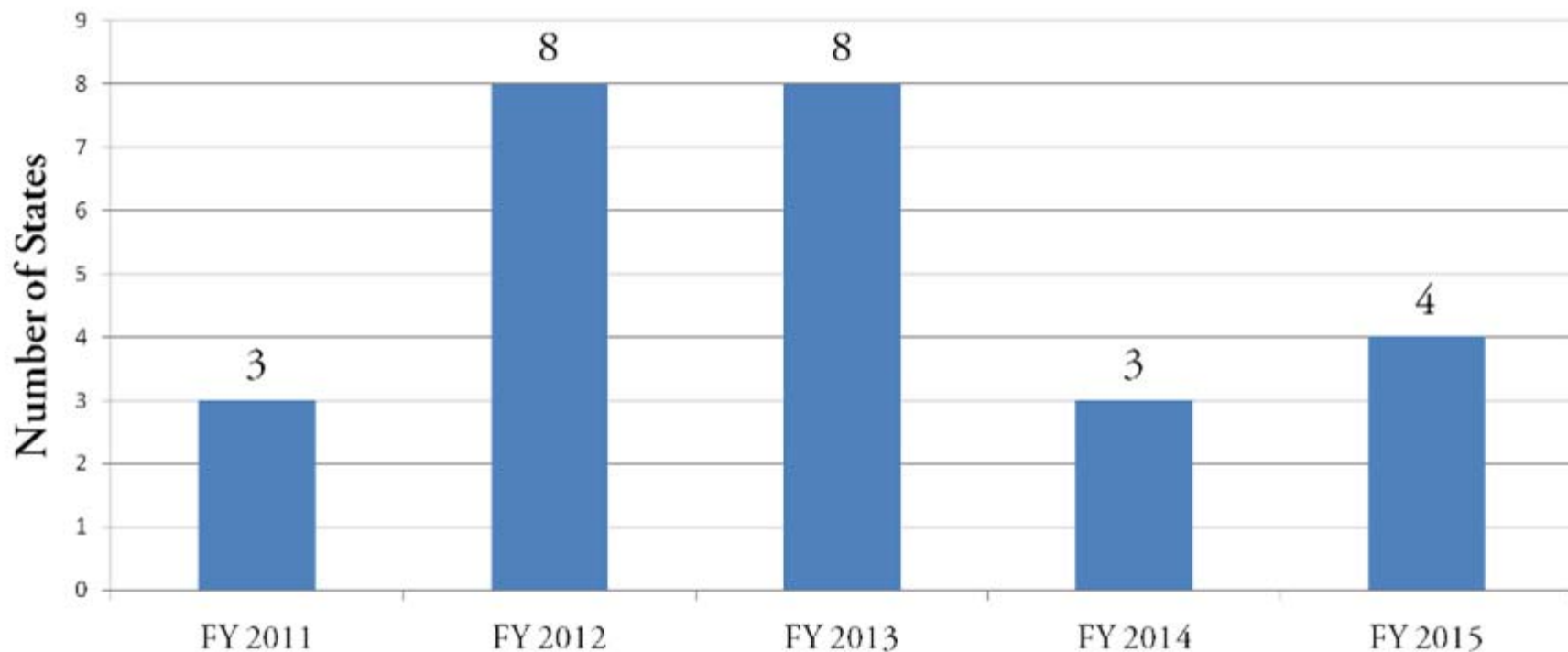
(Compared to Estimated FY 2010 Collections)







# Projected Return to Peak Revenue Collections



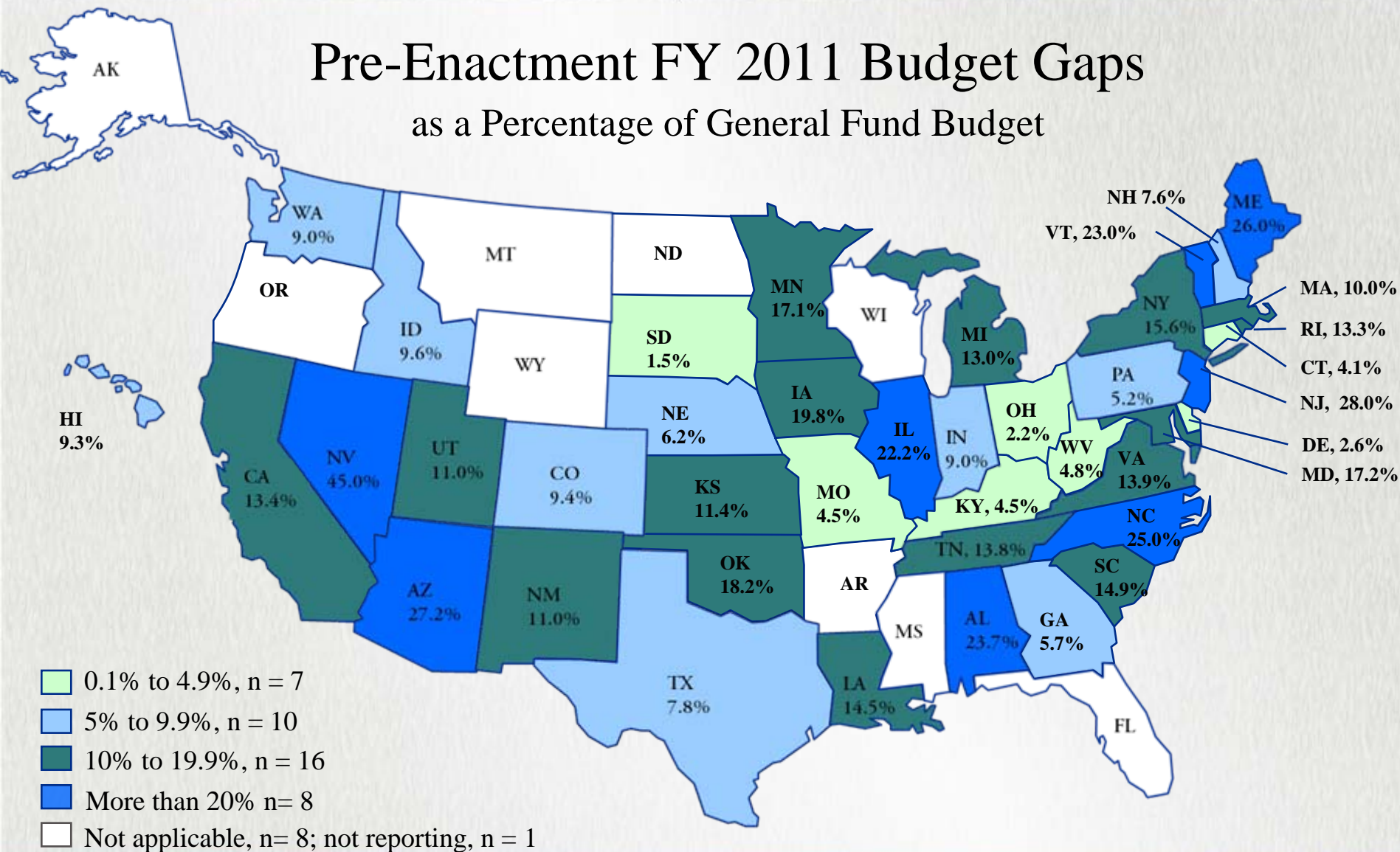
N/A: North Dakota

Not in the current forecast horizon: 19 states

No Response: 4 states

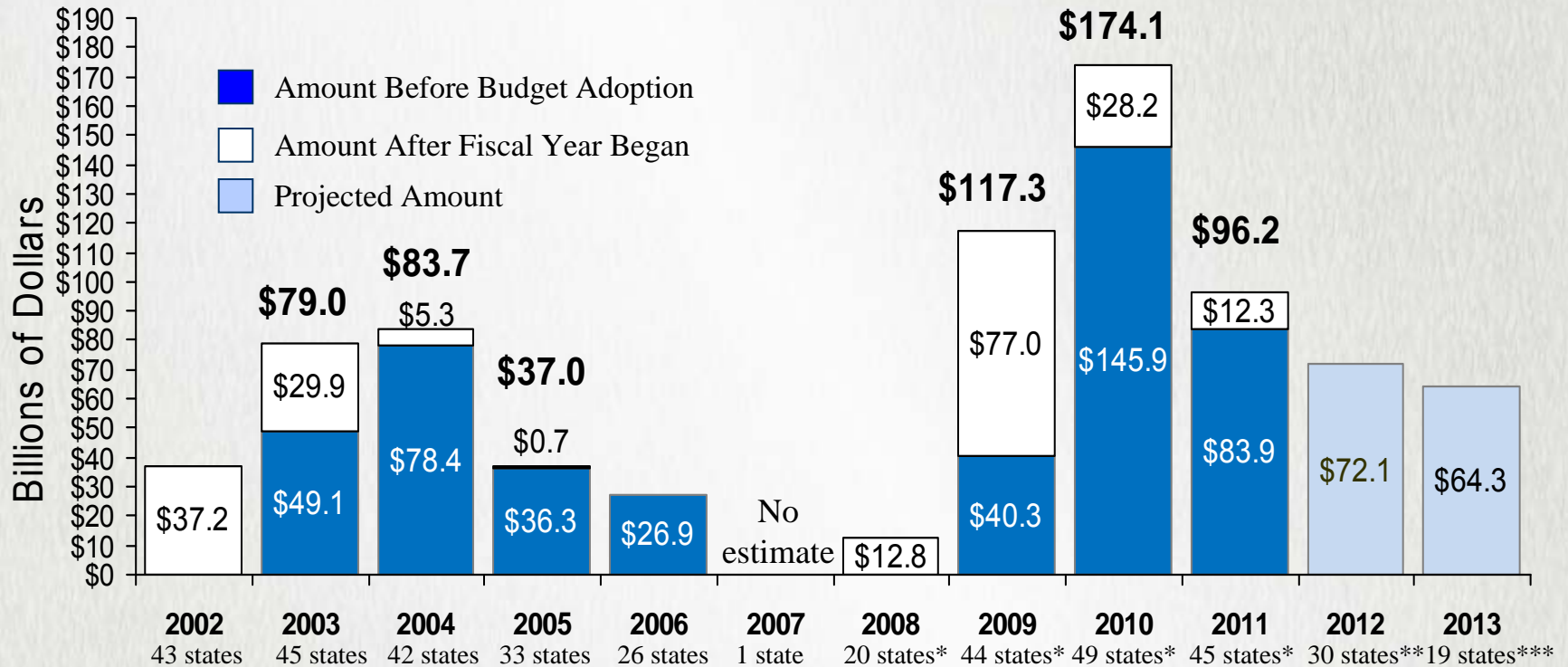


## Pre-Enactment FY 2011 Budget Gaps as a Percentage of General Fund Budget





# State Budget Gaps FY 2002-FY 2013 (projected)



\* Includes Puerto Rico

\*\* 33 states forecast FY 2012 gaps. The amount shown for FY 2012 indicates the 30 states that provided gap amounts.

\*\*\* 23 states forecast FY 2013 gaps. The amount shown for the FY 2012 indicates the 19 states that provided gap estimates.





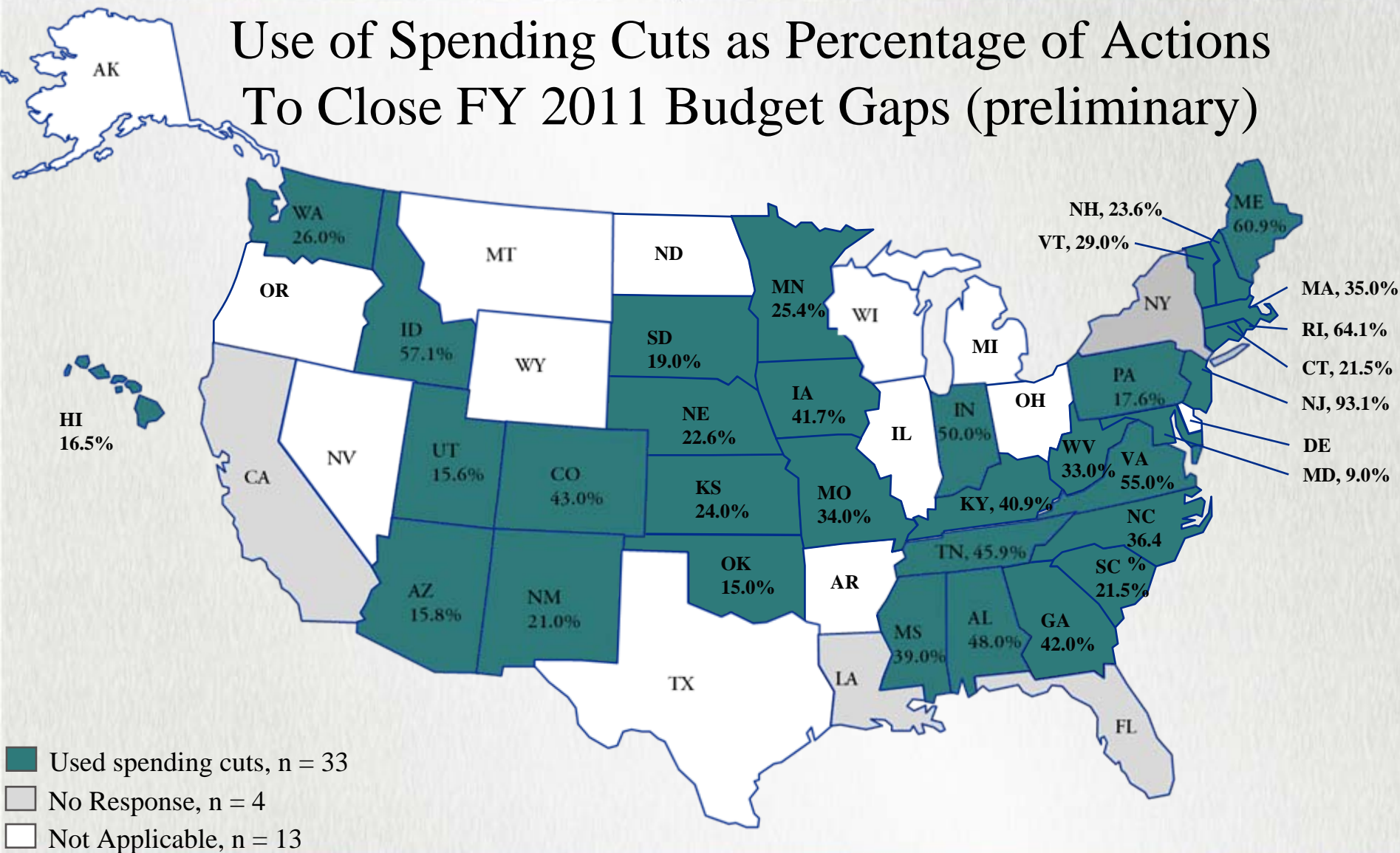
# State Actions to Close Budget Gaps

- Budget cuts: All programs & services subject to cuts
- Tax increases
- Other revenue increases
- Federal stimulus funds
- Wide array of other actions, many one-time in nature
- Renewed focus on streamlining and efficiency



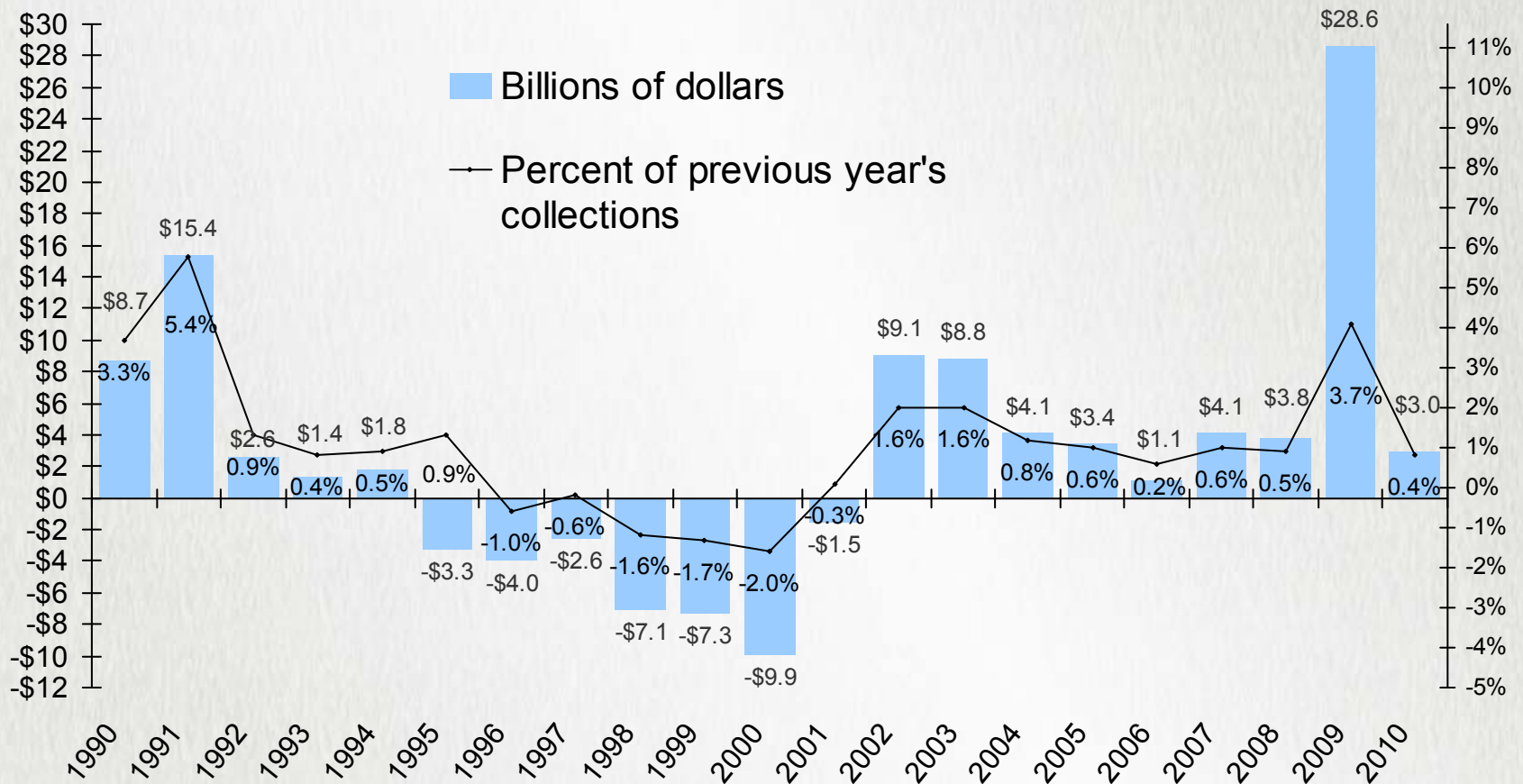


# Use of Spending Cuts as Percentage of Actions To Close FY 2011 Budget Gaps (preliminary)





# Net State Tax Changes by Year of Enactment







# Key Concerns Looking Ahead

- Replacing federal stimulus funds
- Feasibility of further budget cuts
- Length of time before revenues bounce back
- Feasibility of raising more revenues
- Unfunded pension liabilities
- New, ongoing and deeper structural budget gaps







# Conclusion

- State revenue forecasts are starting to show growth.
- Many forecasts offer little room for error.
- Many states face at least two more years of budget gaps.
- Few states have concrete plans to address the end of federal stimulus funding.





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[www.ncsl.org](http://www.ncsl.org)

For more information

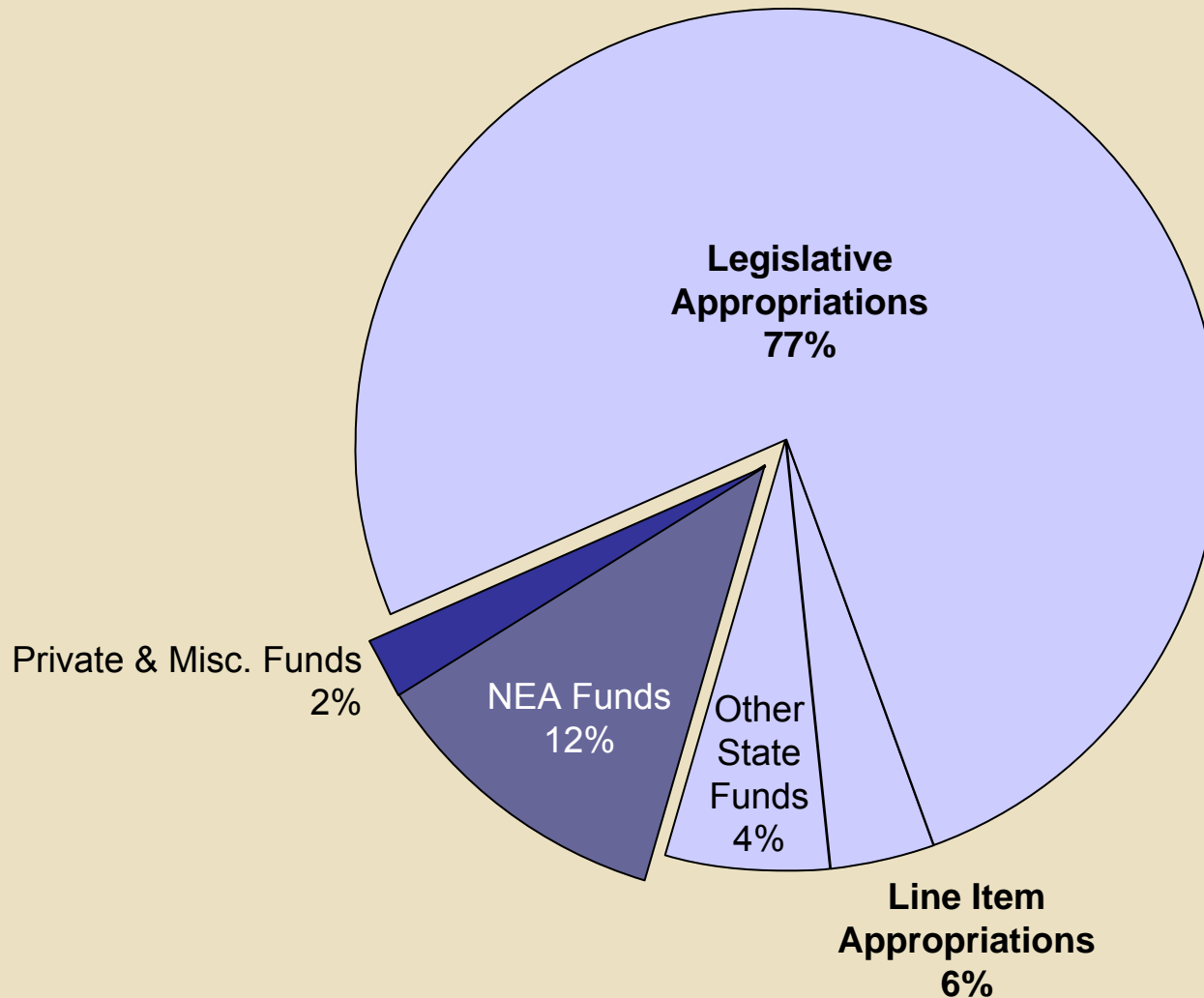




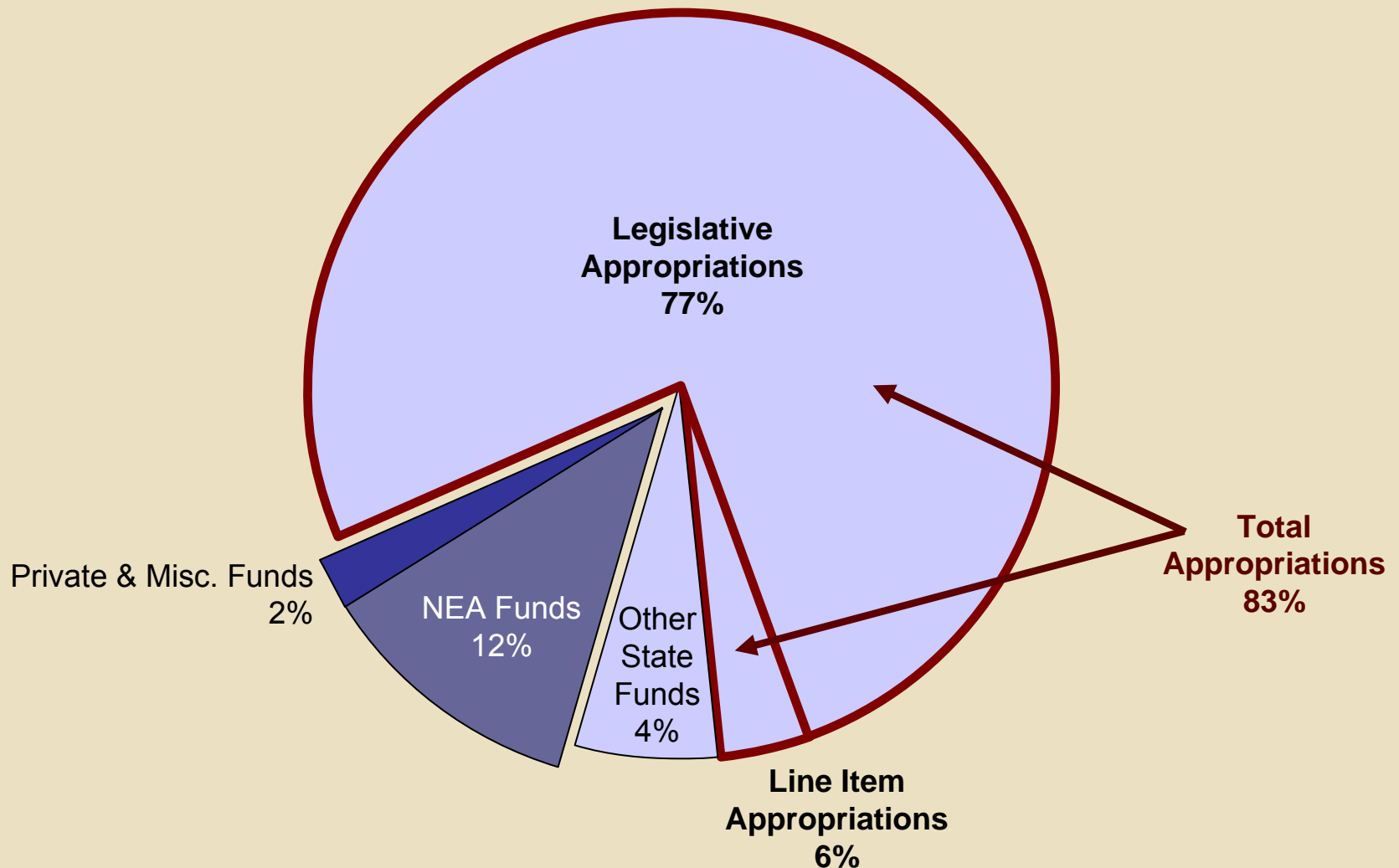
**Angela Han**

Director of Research  
NASAA

## Sources of State Arts Agency Revenue

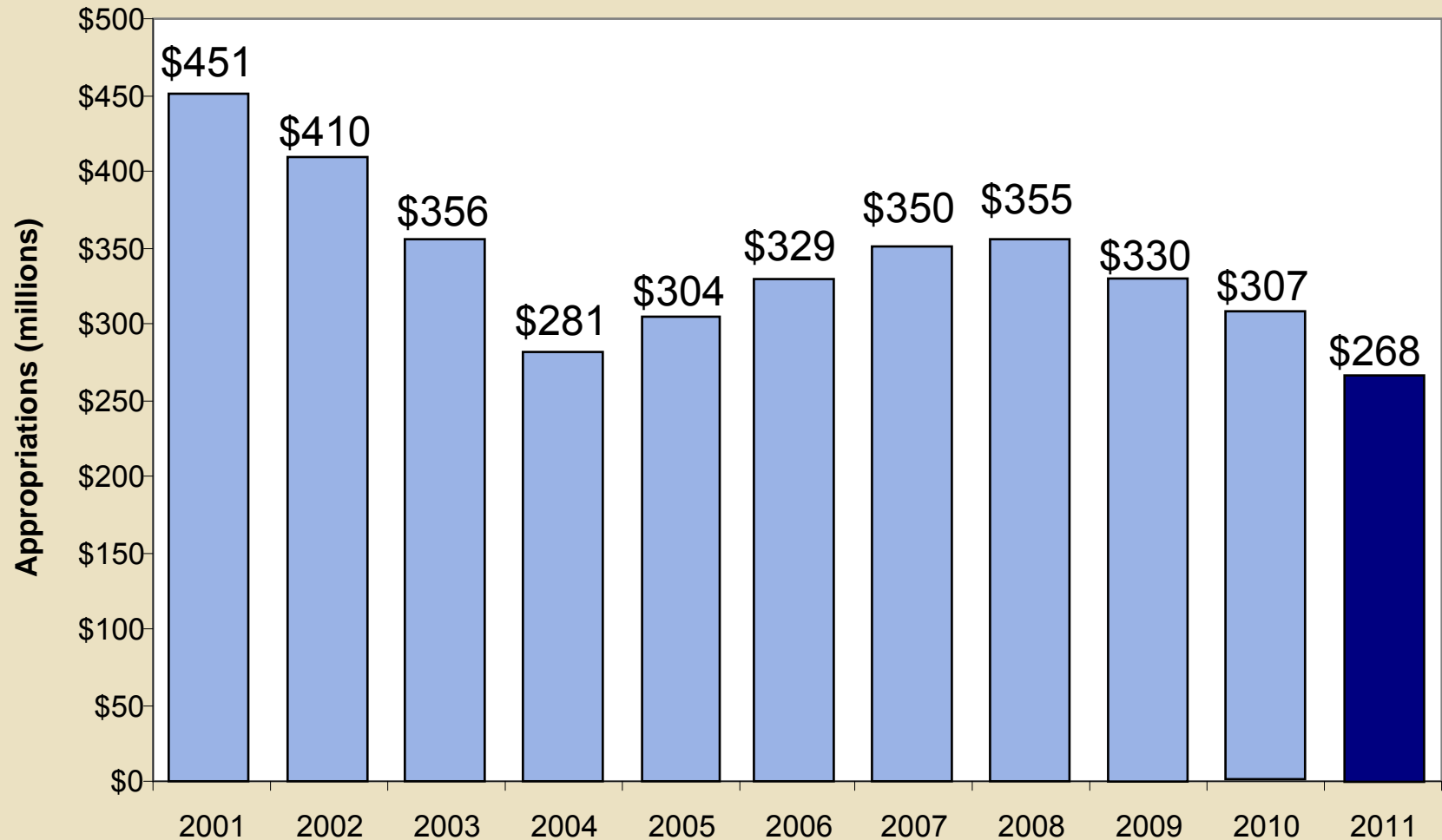


## Sources of State Arts Agency Revenue



# Total Legislative Appropriations to State Arts Agencies

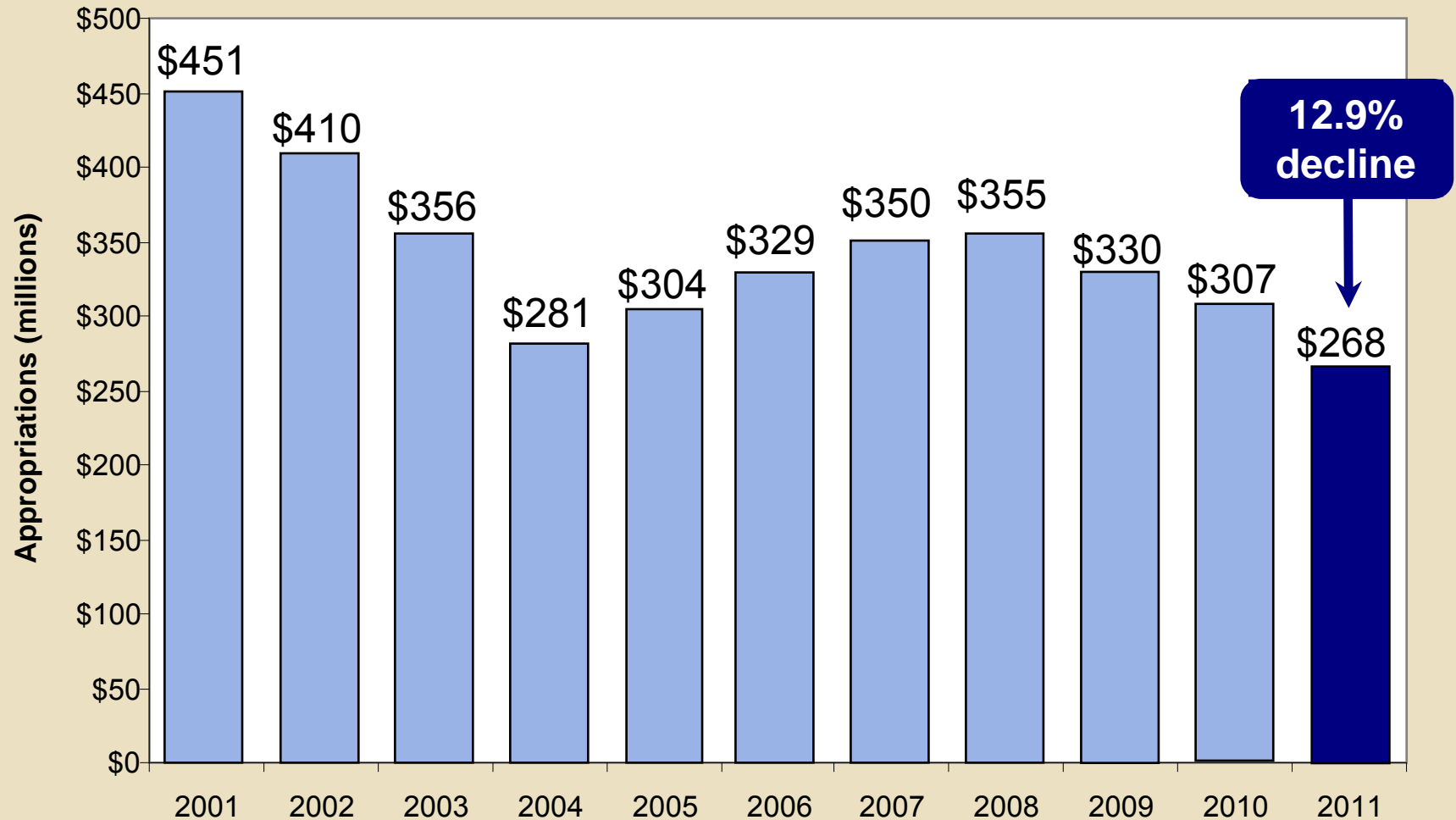
(Excluding Federal Funds, Transfer Funds, and Misc. Funds)





# Total Legislative Appropriations to State Arts Agencies

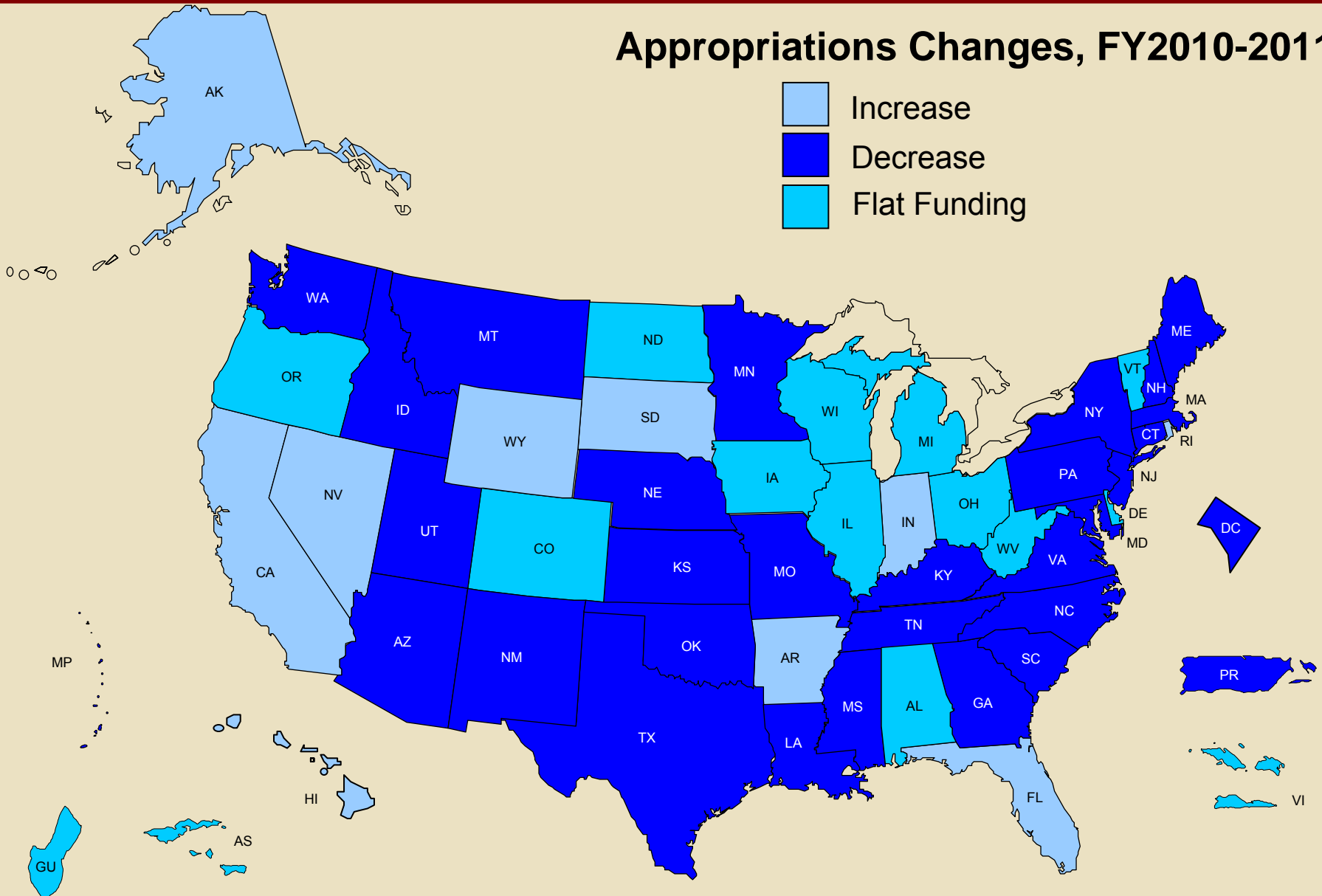
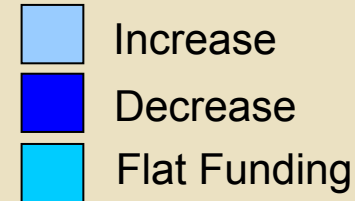
(Excluding Federal Funds, Transfer Funds, and Misc. Funds)



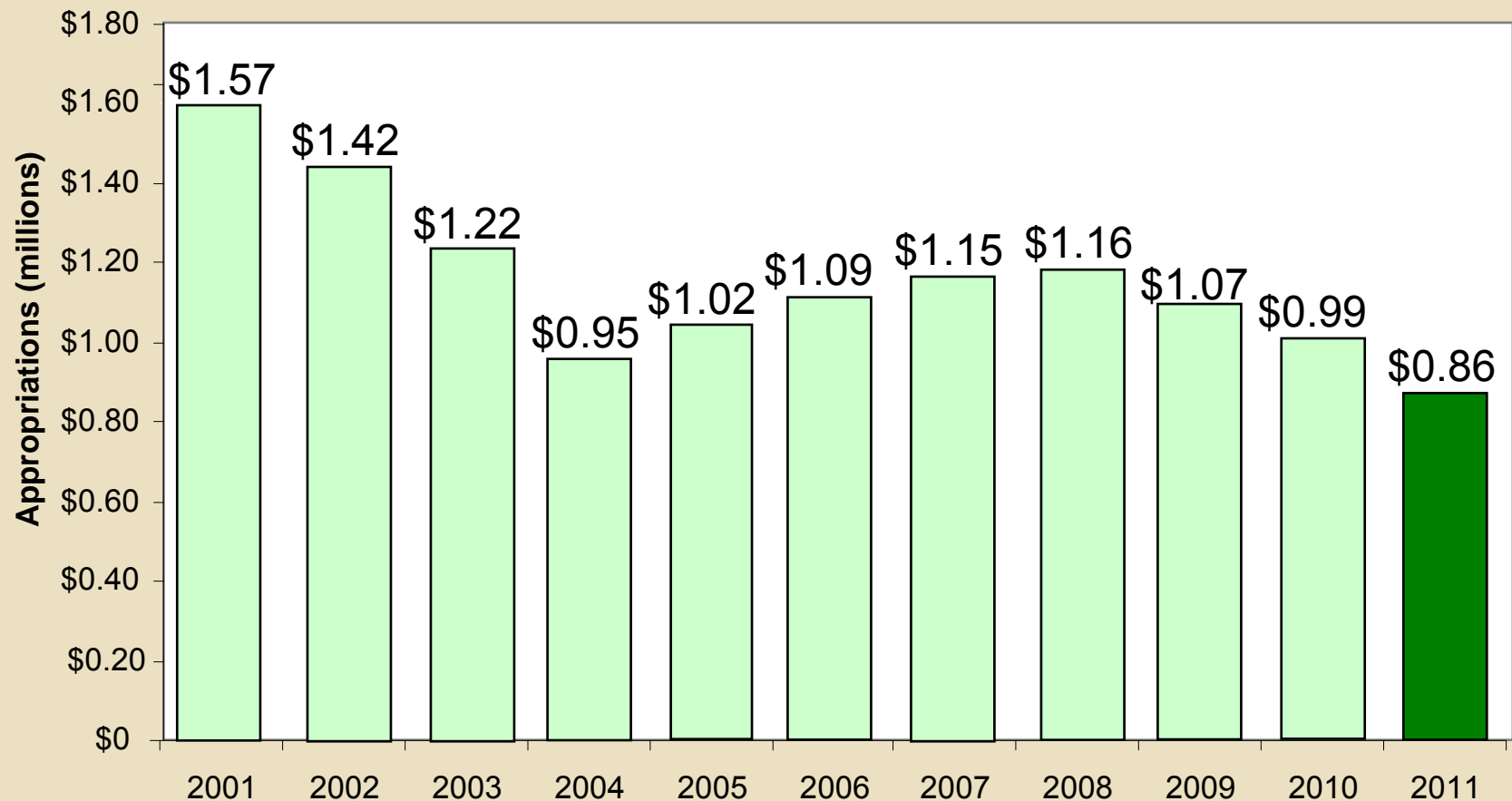
## Changes in SAA Appropriations FY2010-2011

<b>Flat Funding</b>	<b>15</b>
<b># of Increases</b>	<b>10</b>
Increases > 10%	5
Median Increase	10.4%
<b># of Decreases</b>	<b>31</b>
Decreases > 10%	16
Median Decrease	10.3%

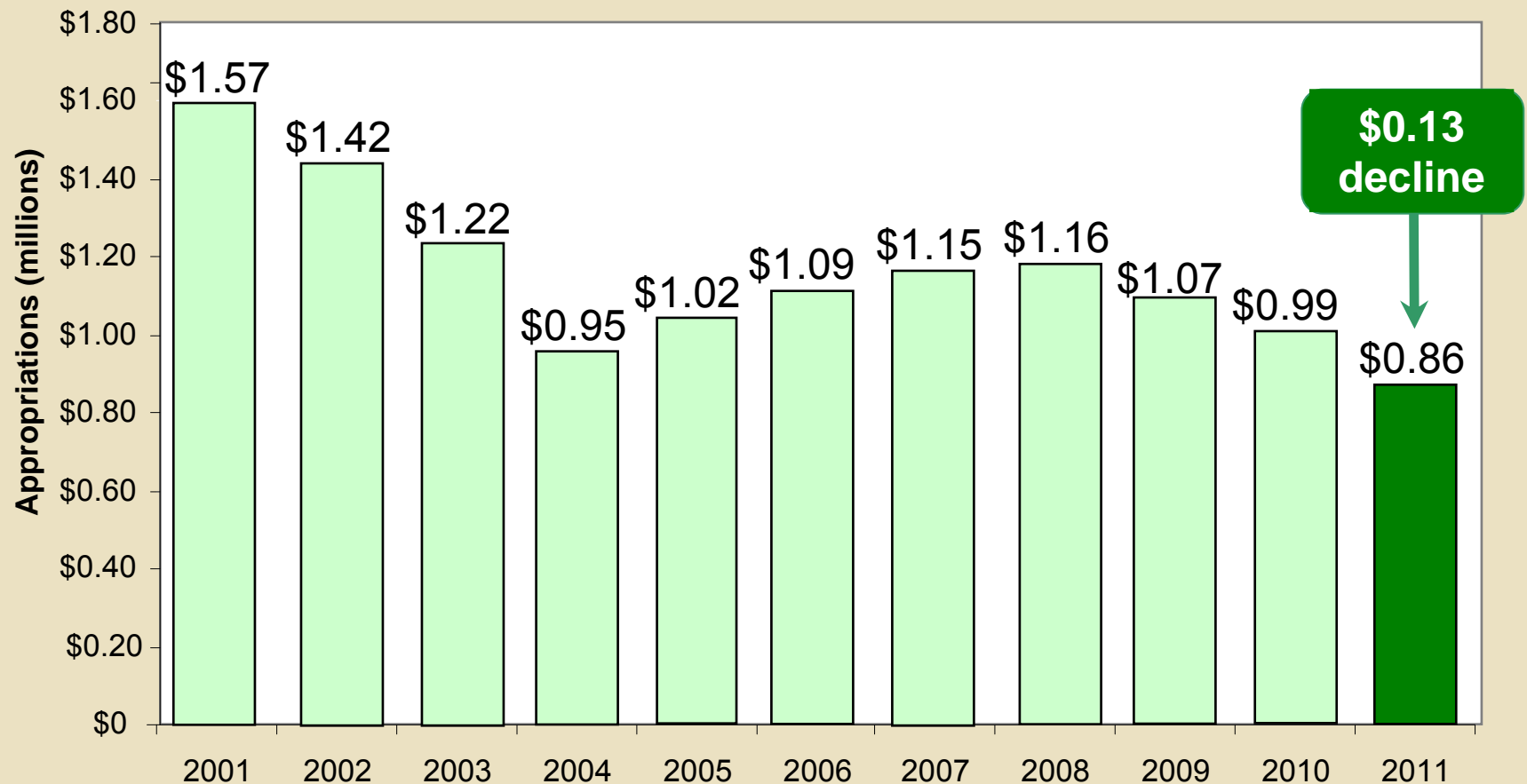
## Appropriations Changes, FY2010-2011



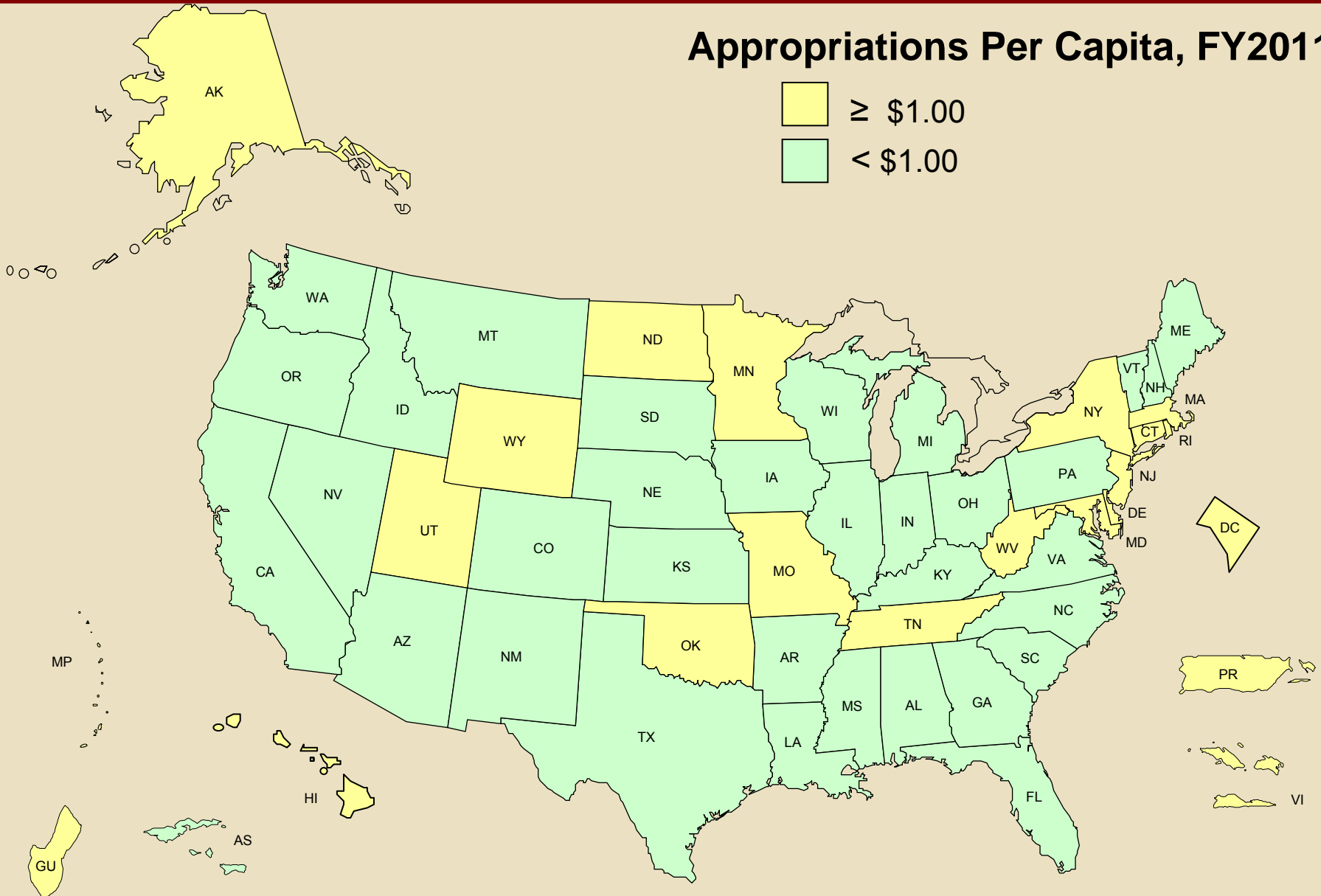
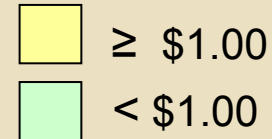
## Total Legislative Appropriations to State Arts Agencies Per Capita



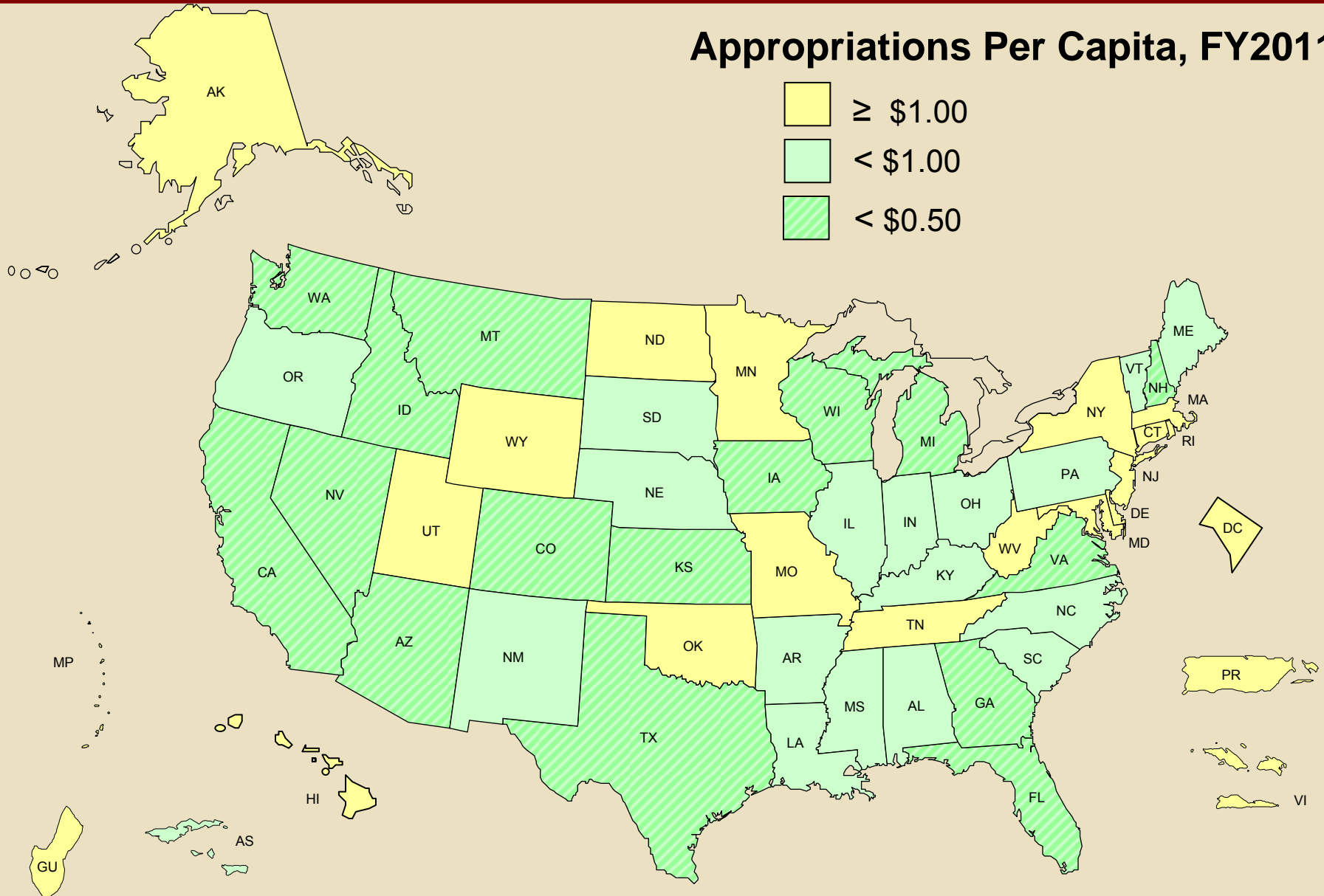
## Total Legislative Appropriations to State Arts Agencies Per Capita



## Appropriations Per Capita, FY2011

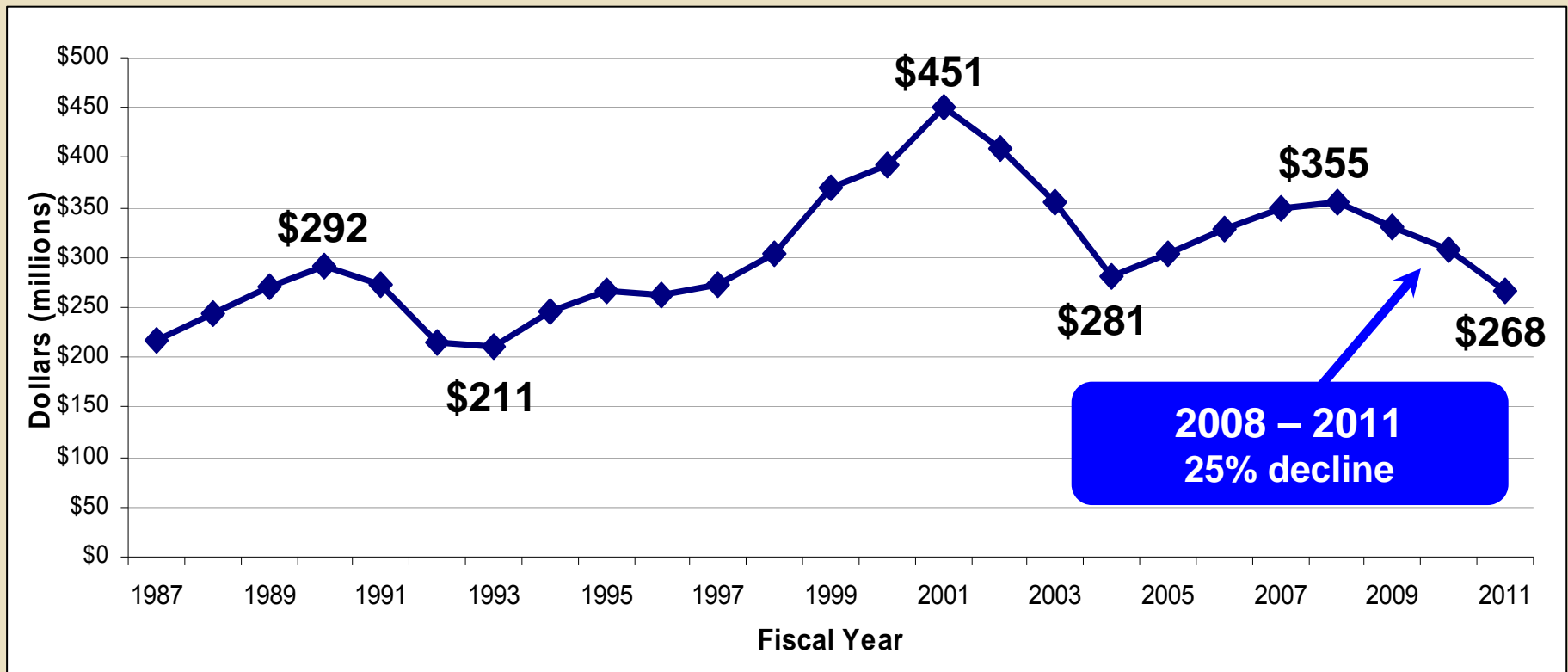


## Appropriations Per Capita, FY2011

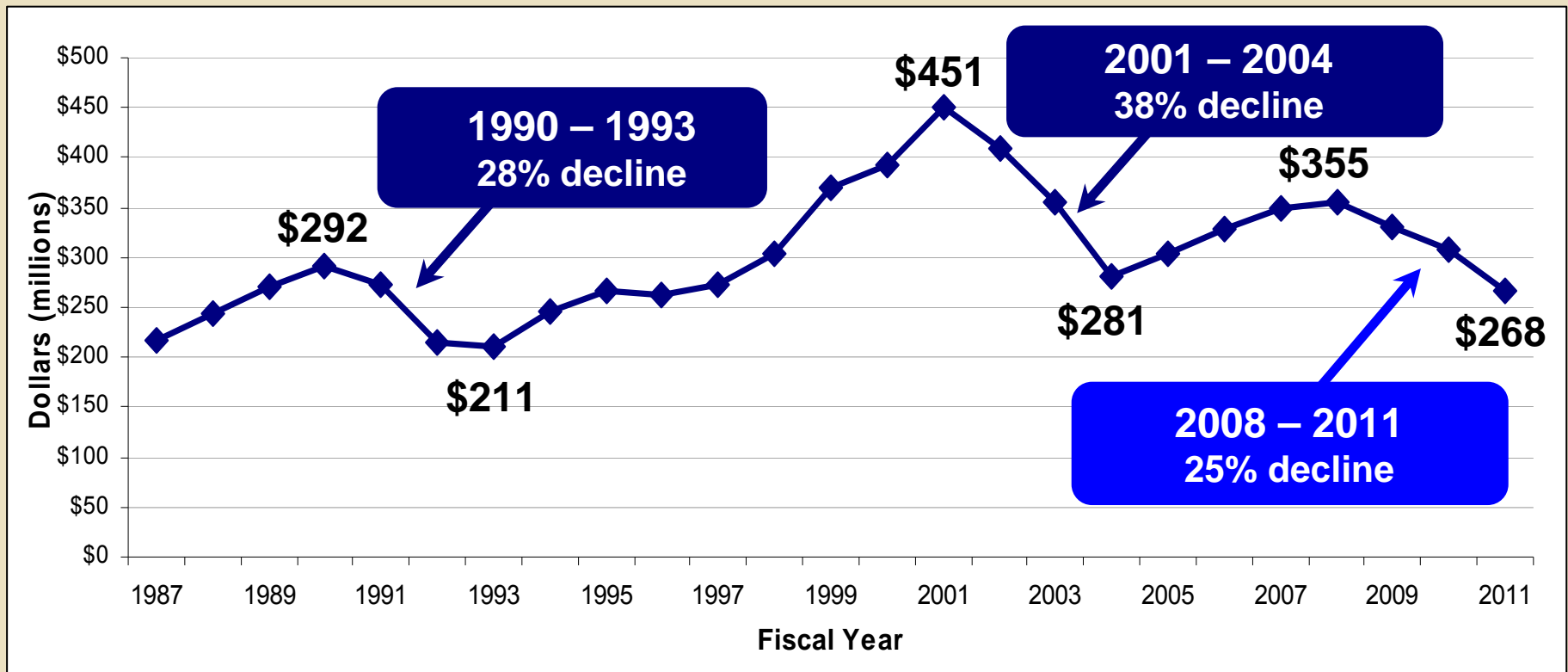




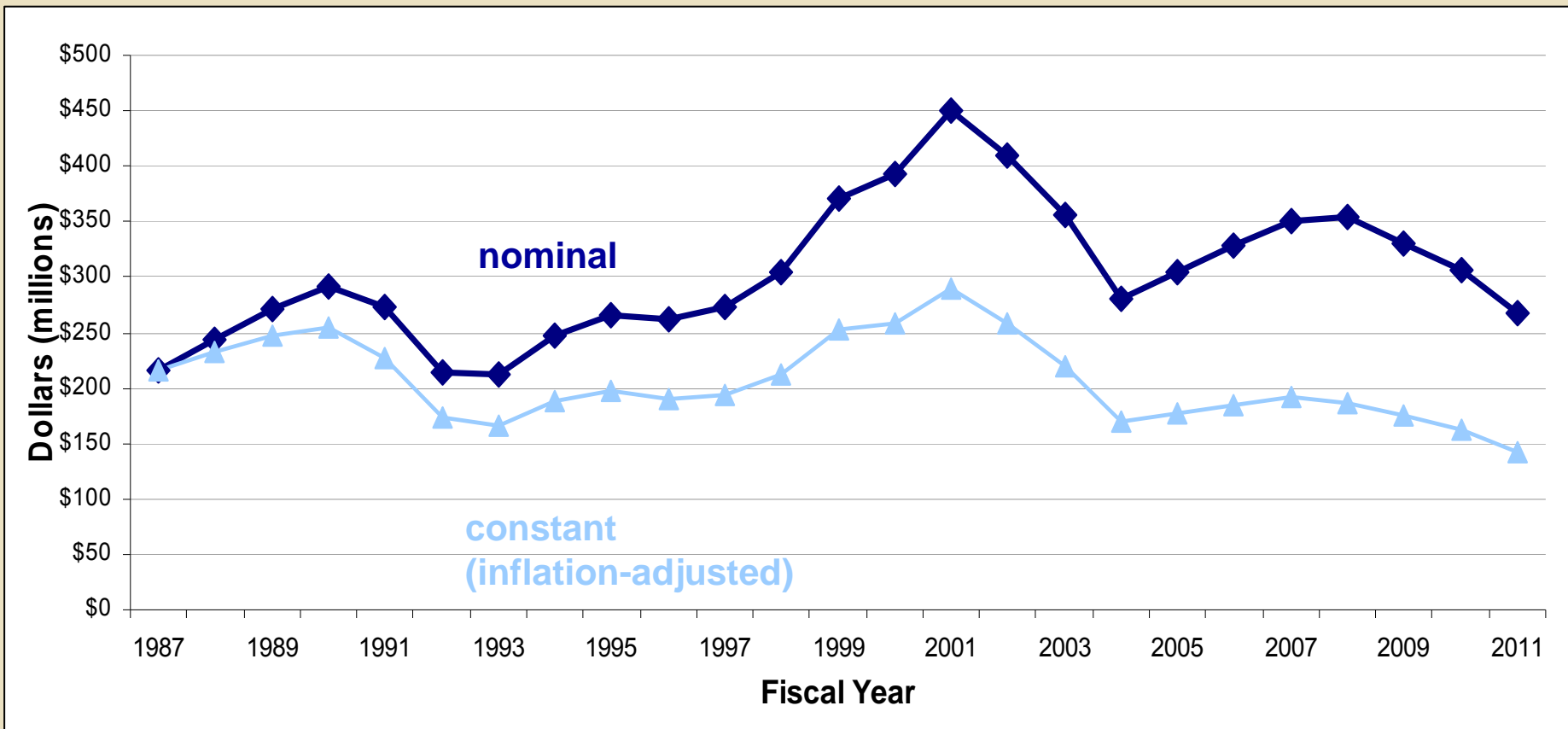
## Total SAA Appropriations Fiscal Years 1987 – 2011



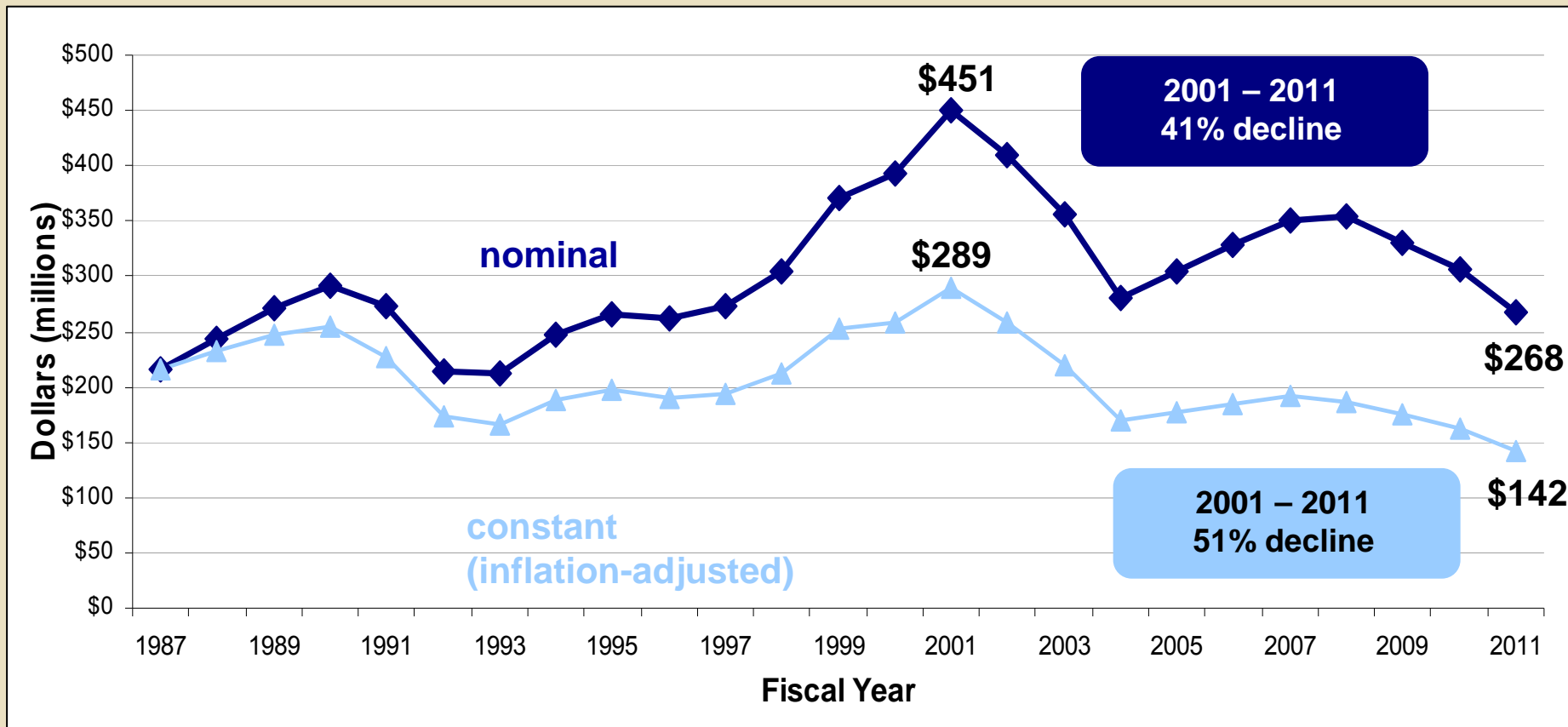
## Total SAA Appropriations Fiscal Years 1987 – 2011



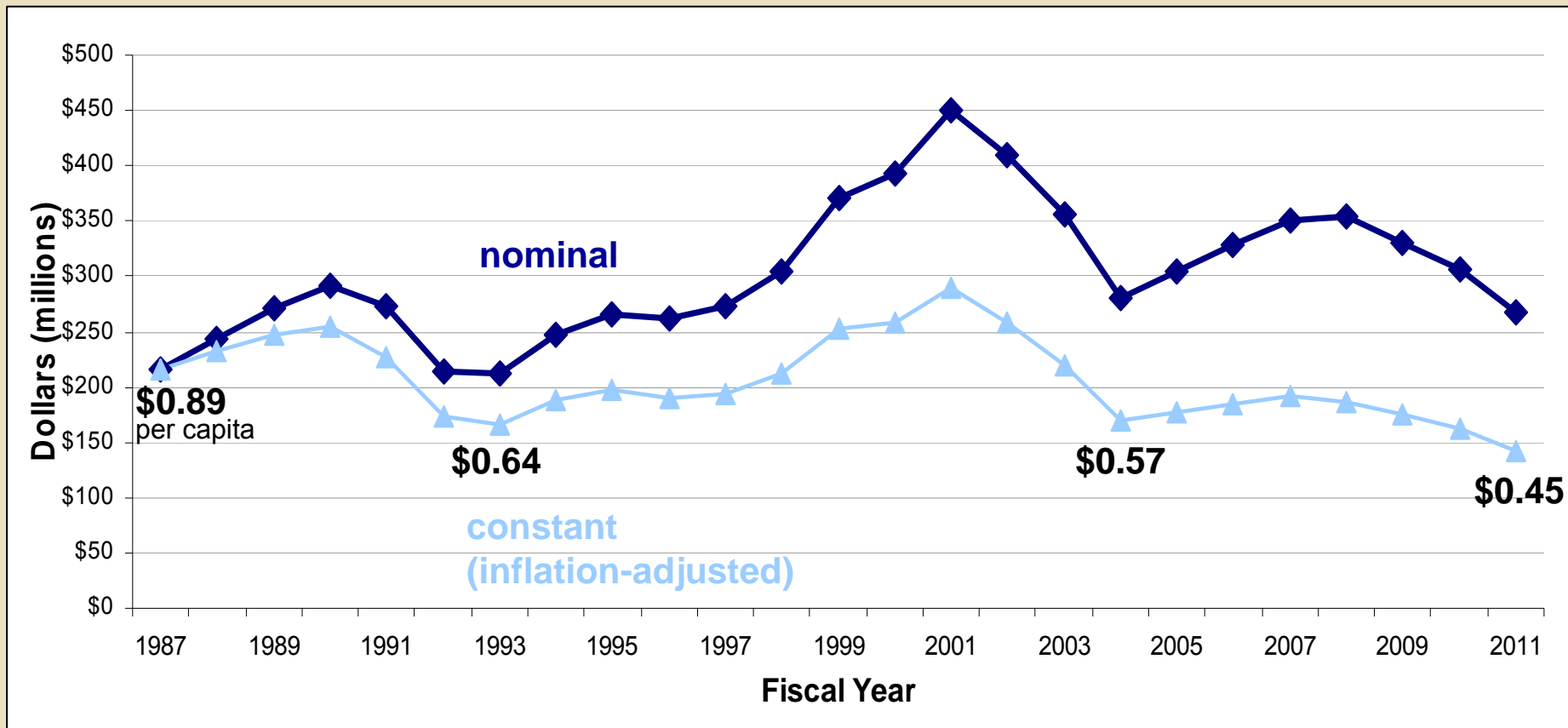
## Total SAA Appropriations, Constant and Nominal Fiscal Years 1987 – 2011



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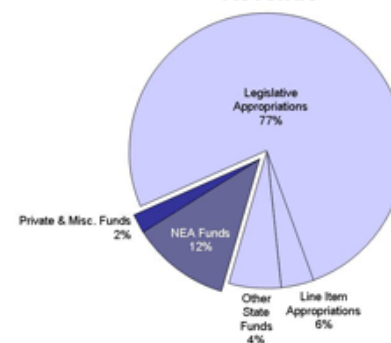
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## Current State Arts Agency Budgets

NASAA surveys state arts agencies twice yearly for updated appropriations and budget information. Current information is available here, but NASAA maintains historical information back to the 1960s.

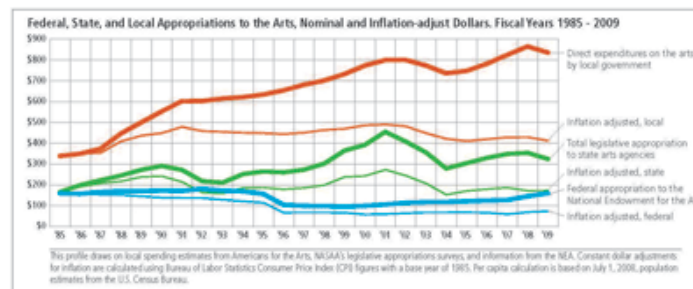
- **Legislative Appropriations Preview, Fiscal Year 2011** Includes projected fiscal year 2011 and updated fiscal year 2010 legislative appropriations information.
- **Legislative Appropriations Annual Survey, Fiscal Year 2010 (Full Report)<sup>M</sup>** Includes 2010 appropriations, other state arts agency revenue sources (including ARRA funds), trends over time, and per capita funding information. Nonmembers may purchase the full report in the [Publications](#) section.
- **Per Capita Spending and Rankings<sup>M</sup>** and **FAQ**
- NASAA members can visit the **State Budget Center<sup>M</sup>** to download state-by-state tables.

Sources of State Arts Agency Revenue



## Presentations and Summaries

- **Web Seminar: 2011 State Budget Forecast** NASAA and the National Conference of State Legislatures provide an update on state fiscal conditions and how they will affect appropriations for the arts.
- **Summary Report: 2010 Funding and Grant Making** Updated each year, this overview of state arts agency funding and grant-making activities provides funding trends over time, summary grant statistics, and select state-by-state information. It is a succinct introduction to state arts agencies.



Grantmakers in the Arts Reader

# Arts & the Economy

Using Arts and Culture to  
Stimulate State Economic  
Development





# STATE POLICY BRIEFS

Tools for Arts Decision Making

## WHY SHOULD GOVERNMENT SUPPORT THE ARTS?

National Assembly of  
State Arts Agencies

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State governments today face monumental challenges: record-breaking budget shortfalls, rising unemployment, widespread home foreclosures and escalating needs for public assistance. States are wrestling with these immediate pressures while also trying to address long-term concerns about education, economic competitiveness and health care. All the while, public managers and elected officials must uphold the principles that taxpayers expect: thrift, accountability, equity and transparency.

In this environment, all areas of spending—including the arts—are under increased scrutiny. Lawmakers may question whether government has a legitimate role to play in the arts or may ask why the arts should receive funds when so many other needs are pressing.

We encourage you to welcome dialogue about these issues. The 40-year history of state arts agencies proves that when policymakers understand how the arts benefit government and citizens, they find a way to continue support, even during hard financial times. We hope that this document will help bring those benefits to the foreground and help your state answer common questions about government's role in arts support.

Designed for public arts leaders and advocates to excerpt and adapt, this material can be used to support your state's case for the arts. Select the points that are most relevant in your situation. Quote the research. Add your own examples, and consider the tips and ideas included at the end of the document.

For more information on promoting the arts in state policy, explore the [Research](#) and [Advocacy](#) sections of the [NASAA Web site](#) or contact the NASAA office at 202-347-6352.

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## Developing Young Imaginations

State arts agency programs such as the Arts Education Projects of the [DC Commission on the Arts and Humanities](#) foster young imaginations and help to promote academic success. » [More](#)

Young violin students of the D.C. Youth Orchestra Program. Photo by Clara Simoni



## New & Noteworthy

NASAA Assembly 2010: October 14-16 in Austin, Texas

NASAA 2010 Awards Call for Nominations: Deadline July 16

Why Should Government Support the Arts?

Report to Councils

Technology Strategy Sampler

On-Site Workshops and Training

## Key Issues

Creative Economic Development

Arts Education

Arts Participation

State Arts Agency Funding

2010 Arts Advocacy Issue Briefs

## Quick Links

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NASAA Board of Directors

Web Seminars **M**

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**M** NASAA member-only content

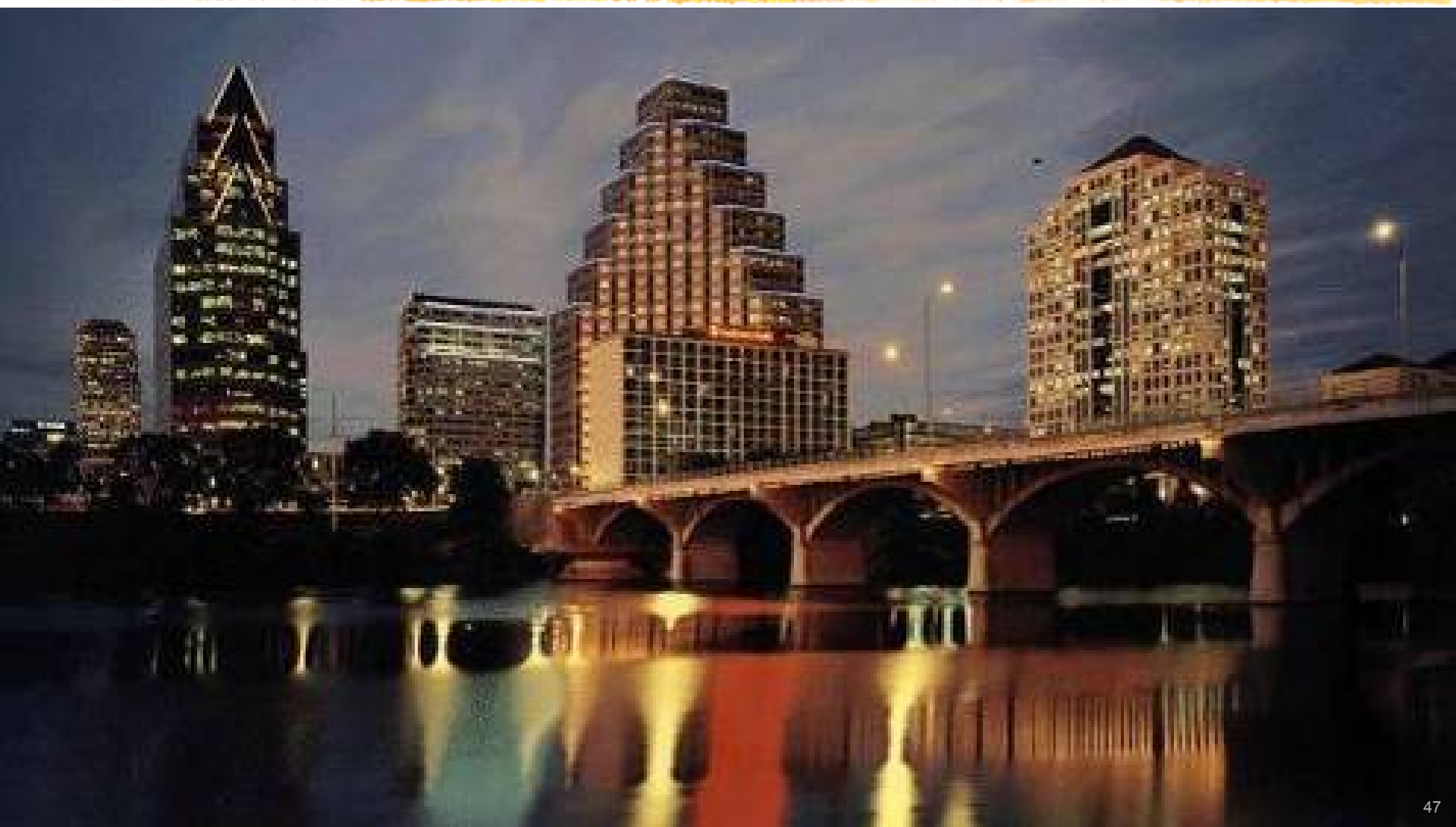
# ASSEMBLY 2010

OCTOBER 14-16, 2010 • AUSTIN, TEXAS

National Assembly of  
State Arts Agencies  
KNOWLEDGE • REPRESENTATION • COMMUNITY



Texas  
Commission  
on the Arts  
Investing in a Creative Texas



# Thanks for participating!

Questions or comments about this session? Contact Eric Giles,  
Learning Services Manager ([eric.giles@nasaa-arts.org](mailto:eric.giles@nasaa-arts.org)).

Many thanks to NASAA's member states and today's guests for making this session possible. The work of NASAA and of state arts agencies is also supported and strengthened in many ways through funding and programming partnerships with the National Endowment for the Arts.