Today’s seminar will begin shortly

Please complete your phone connection now:

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.

Tip: Find your Voice Connection Box near the lower right hand corner of your screen.
2011 State Budget Forecast

If you have just arrived via the Web, complete your phone connection. Dial 1 866 275 3495 and enter *4671867* on your phone. Then key in your 5-digit ID number (located in the Voice Connection box).
Your Hosts

Eric Giles
Learning Services Manager

Sue Struve
Communications Manager

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Tech Tips

• **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

If you have just arrived via the Web, complete your phone connection. Dial 1 866 275 3495 and enter *4671867* on your phone. Then key in your 5-digit ID number (located in the Voice Connection box).
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
Agenda

State Fiscal Conditions in 2011
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If you have just arrived via the Web, complete your phone connection. Dial 1 866 275 3495 and enter *4671867* on your phone. Then key in your 5-digit ID number (located in the Voice Connection box).
Todd Haggerty
Research Analyst
National Conference of State Legislatures
Update on the State Fiscal Situation
Presentation to the National Assembly of State Arts Agencies

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

Source: National Bureau of Economic Research
State Year-End Balances* as a Percentage of General Fund Spending

Source: NCSL survey of state legislative fiscal offices, Various Years
Projected FY 2010 Revenues
(Compared to FY 2009 Collections)

Source: NCSL survey of state legislative fiscal offices, 2009.
FY 2010 Personal Income Tax Collections*

- Above Target, 5 (01↓, 2↑)
- On Target, 14 (6↓, 2↑)
- Below Target, 20 (8↓, 2↑)
- No personal income tax, 9

*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*

No general sales tax, 5

Above Target, 15
(7 ↓, 1 ↑)

Below Target, 13
(3 ↓, 1 ↑)

On Target, 13
(6 ↓, 1 ↑)

*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)

Source: NCSL survey of state legislative fiscal offices, March 2010
Projected Return to Peak Revenue Collections

N/A: North Dakota
Not in the current forecast horizon: 19 states
No Response: 4 states

Source: NCSL survey of state legislative fiscal offices, July 2010
Pre-Enactment FY 2011 Budget Gaps as a Percentage of General Fund Budget

Source: NCSL survey of state legislative fiscal offices, July 2010.
State Budget Gaps FY 2002-FY 2013 (projected)

Amount Before Budget Adoption
Amount After Fiscal Year Began
Projected Amount

Billions of Dollars

2002: $37.2
2003: $49.1
2004: $78.4
2005: $36.3
2006: $26.9
2007: $12.8
2008: $77.0
2009: $40.3
2010: $145.9
2011: $12.3
2012: $83.9
2013: $72.1

* 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.

Source: NCSL survey of state legislative fiscal offices, various years.
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)

Source: NCSL survey of state legislative fiscal offices, July 2010
Net State Tax Changes by Year of Enactment

Source: NCSL survey of legislative fiscal offices, various years.
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.
Use the "Chat" box to ask a question.
www.ncsl.org

For more information
Angela Han
Director of Research
NASAA
Sources of State Arts Agency Revenue

- Legislative Appropriations: 77%
- NEA Funds: 12%
- Private & Misc. Funds: 2%
- Other State Funds: 4%
- Line Item Appropriations: 6%
Sources of State Arts Agency Revenue

- Legislative Appropriations: 77%
- NEA Funds: 12%
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- Line Item Appropriations: 6%
- Private & Misc. Funds: 2%

Total Appropriations: 83%
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)

- 2001: $451
- 2002: $410
- 2003: $356
- 2004: $281
- 2005: $304
- 2006: $329
- 2007: $350
- 2008: $355
- 2009: $330
- 2010: $307
- 2011: $268

12.9% decline
Changes in SAA Appropriations  
FY2010-2011

<table>
<thead>
<tr>
<th>Flat Funding</th>
<th>15</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Increases</td>
<td>10</td>
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<tr>
<td>Increases &gt; 10%</td>
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<tr>
<td>Median Increase</td>
<td>10.4%</td>
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<tr>
<td># of Decreases</td>
<td>31</td>
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<tr>
<td>Decreases &gt; 10%</td>
<td>16</td>
</tr>
<tr>
<td>Median Decrease</td>
<td>10.3%</td>
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</tbody>
</table>
Total Legislative Appropriations to State Arts Agencies
Per Capita


$1.57
$1.42
$1.22
$0.95
$1.02
$1.09
$1.15
$1.16
$1.07
$0.99
$0.86

Appropriations (millions)
Total Legislative Appropriations to State Arts Agencies
Per Capita

<table>
<thead>
<tr>
<th>Year</th>
<th>Appropriations (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>$1.57</td>
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<tr>
<td>2002</td>
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<td>2009</td>
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<tr>
<td>2010</td>
<td>$0.99</td>
</tr>
<tr>
<td>2011</td>
<td>$0.86</td>
</tr>
</tbody>
</table>

$0.13 decline
Total SAA Appropriations
Fiscal Years 1987 – 2011

$292

$211

$451

$281

$355

$268

2008 – 2011
25% decline
Total SAA Appropriations
Fiscal Years 1987 – 2011

- 1990 – 1993: 28% decline
- 2001 – 2004: 38% decline
- 2008 – 2011: 25% decline
Total SAA Appropriations, Constant and Nominal
Fiscal Years 1987 – 2011
Total SAA Appropriations, Constant and Nominal
Fiscal Years 1987 – 2011

2001 – 2011
41% decline

2001 – 2011
51% decline

nominal

constant
(inflation-adjusted)
Total SAA Appropriations, Constant and Nominal
Fiscal Years 1987 – 2011

- $0.89 per capita nominal
- $0.64 per capita constant (inflation-adjusted)
- $0.45 per capita constant (inflation-adjusted)
Use the "Chat" box to ask a question.
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)** 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** and FAQ
- NASAA members can visit the **State Budget Center** to download state-by-state tables.

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.
WHY SHOULD GOVERNMENT SUPPORT THE ARTS?

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 202-347-6332.
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
State Arts Agency Directory
Newsletter
NASAA Board of Directors
Web Seminars
Contact NASAA

M NASAA member-only content
Thanks for participating!

Questions or comments about this session? Contact Eric Giles, Learning Services Manager (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.