

# National Assembly of State Arts Agencies

## KNOWLEDGE ★ REPRESENTATION ★ COMMUNITY

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### Major State Arts Agency Budget and Restructuring Log July 25, 2011

Several state arts agencies (SAAs) have had to contend with major restructuring or elimination proposals in recent years. This log provides a short synopsis of *major budget reduction or restructuring* proposals from fiscal years 2010, 2011 and 2012, addressing only the most significant changes considered or enacted.

Not all state arts agencies have undergone changes of this magnitude. See NASAA's [State Arts Agency Legislative Appropriations Preview](#) for a national overview of legislative appropriations to the arts for fiscal year 2012.

#### Fiscal Year 2012

##### Arizona

The Arizona Commission on the Arts historically received state funding from three sources: a general fund appropriation, interest from the \$20 million state-held Arts Endowment Fund, and dollars derived from a percentage of state business licensing fees. The Arts Endowment Fund corpus was eliminated through three sizable fund transfers to the state general fund in FY2010 and FY2011. Per a recommendation by Governor Brewer, all general fund dollars for the agency were eliminated for FY2012. Approximately \$1.4 million will be generated for the agency from state business license revenues in FY2012, but the state's enacted budget has applied a preemptive 8% reduction to this remaining revenue source. ([More...](#))

##### Connecticut

Governor Malloy began the year by announcing a proposal to consolidate the state's 81 agencies to 57. The proposal called for moving the Commission on Culture and Tourism, the Arts Division's parent agency, to the Department of Economic and Community Development. Both houses of the legislature approved this reorganization, which took effect July 1. The Arts Division is now the Office of the Arts.

##### Florida

Governor Scott's budget proposed funds for the Division of Cultural Affairs (DCA) but no dollars for its grant programs. The legislature revised that budget to include grant funds for DCA in the amounts of \$2 million for Cultural and Museum Grants and \$500,000 for Culture Builds Florida/Specific Cultural Project Grants. Reductions to DCA staff also are included in the agency's enacted budget.

##### Georgia

Governor Deal proposed moving the Georgia Council on the Arts (GCA) into the Department of Economic Development (DED), which also holds purview over film and tourism. (In the past, GCA has been a division within the Governor's Office of Planning and Budget.) This proposal was approved by the legislature and signed by the governor. GCA's budget has been set at \$574,268 for FY2012, a reduction of approximately 25% from FY2011. ([More...](#))

##### Kansas

Earlier this year, Kansas Governor Sam Brownback issued a reorganization order eliminating the Kansas Arts Commission (KAC). In March, the Kansas Senate voted 24 to 13 to override this executive order and retain KAC as an agency of state government.

Both the House and Senate recommended a \$689,000 appropriation for KAC in the legislature's 2012 budget. On May 10, however, the governor's Office of Administration issued layoff notices to all KAC staff, informing them that state funding shortfalls would result in the elimination of their positions. Then on May 28, Governor Brownback exercised his line-item veto authority to eliminate all funding for KAC. The legislature attempted an override that gained a 50-44 majority vote in the House but failed to achieve the required two-thirds supermajority. Although the state arts agency's statute remains intact, KAC will not receive a legislative appropriation from the state for FY2012. Governor Brownback created a private foundation to function in lieu of the state arts agency. Details about this entity are scarce and the state's eligibility to receive National Endowment for the Arts funds is in jeopardy. ([More...](#))

### **Minnesota**

The Minnesota state legislature adjourned its regular session at the end of May without resolving a sizable deficit for the upcoming biennium. A budget passed the House and Senate but was vetoed by Governor Dayton and returned to the legislature because it did not address state revenue gaps. A 20-day state government shutdown (the longest in U.S. history) ensued, forcing the closure of most state agencies, including the [Minnesota State Arts Board](#) (MSAB). The legislature and governor reached a compromise on a new budget, which was approved on July 20, and state offices reopened on July 21. The final biennial budget reduces the MSAB budget by 1% in FY2012; this includes a 10% decrease in general funds and a 2% increase in Legacy Amendment funds.

### **Nevada**

Governor Sandoval proposed restructuring the state's Department of Cultural Affairs, within which the Nevada Arts Council (NAC) operates. The legislature approved this proposal to merge the state's cultural agencies into the state's tourism department, which has been renamed the Department of Tourism and Cultural Affairs. The final biennial budget approved by the legislature and the governor includes a reduction of approximately 7% for NAC and stipulates that approximately half of those funds come from Department of Tourism Room Tax revenues. Following a 43% cut in the last biennium, NAC's latest budget reduction will necessitate the elimination of two staff positions and further reductions for funding grants and programs in fiscal year 2012. ([More...](#))

### **New Hampshire**

Governor John Lynch began the budget cycle by proposing a 7% reduction for the New Hampshire State Council on the Arts (NHSCA). In March, the New Hampshire State House of Representatives recommended a budget bill eliminating state funding for NHSCA. That bill contained an amendment dissolving the Department of Cultural Resources (DCR), NHSCA's parent agency, and included no provision for the continued operation of the arts division (NHSCA). The Senate rejected that House amendment and provided funds for the DCR, granting the DCR commissioner the authority to distribute \$536,533 in cuts across the various department divisions in FY2012. This plan was accepted by the House, Senate and governor. NHSCA is anticipating an appropriations reduction of approximately 23%. Two NHSCA staff positions, both currently vacant due to hiring freezes, are slated for elimination in the state budget document. ([More...](#))

### **Pennsylvania**

In March, Pennsylvania Governor Tom Corbett released his initial fiscal year 2012 budget, which recommended level funding for the Pennsylvania Council on the Arts (PCA). In May, the House passed a budget bill including a 68% cut in total state funding for PCA. Action then shifted to the Senate, which worked with House leadership on a budget compromise that included restoration of almost all PCA funding (\$8.179 million

for arts grants and \$866,000 for program administration). This measure was adopted by both the House and Senate and enacted into law.

### **South Carolina**

Governor Haley's State of the State address included a recommendation to eliminate funding for the South Carolina Arts Commission (SCAC). The House subsequently approved a budget bill that would maintain the agency and reduce its appropriation by 6%, a reduction consistent with that recommend for other state agencies. In addition, \$250,000 in one-time stimulus funds secured in fiscal year 2011 would lapse, bringing SCAC's state funding to \$1.9 million, an overall reduction of 16% from FY2011. The Senate Finance Committee's April version of the budget recommended the same funding levels for SCAC that had been proposed by the House. The Senate added an amendment requiring the arts council to use 70% of its state-appropriated funds for grant making. This bill passed both the House and Senate on June 22. On June 28, Governor Haley used her line-item veto authority to attempt to strike the appropriation for the Arts Commission from the budget. However, on June 29 the South Carolina legislature voted to [override](#) that veto by overwhelming margins in both the House (105-8) and Senate (32-6). That override restored a \$1.9 million appropriation for SCAC for FY2012. Also under review in South Carolina was a restructuring proposal that would move SCAC and the South Carolina State Museum under the supervision of the Department of Parks, Recreation and Tourism. The bill (H. 3709) recommending this change has been passed by the House and referred to the Senate Judiciary Committee for its consideration, but no action is anticipated on this item this year.

### **Texas**

On April 1, the Texas House passed its version of the budget for fiscal years 2012–2013, which included a general fund appropriations reduction of more than 50% for the Texas Commission on the Arts (TCA). An amendment was added to eliminate TCA's appropriation for the coming biennium, with those funds redirected to the Department of Aging and Disability Services. On May 4, the Senate passed its version of the budget, which also recommended a 50% cut in funding for TCA, subject to a 1.2% withholding as well as a staff reduction to 12 employees. The Senate budget did not stipulate any transfer of TCA funds to other departments. The House, Senate and governor ultimately approved this budget plan.

### **Washington**

Governor Gregoire proposed eliminating the Washington State Arts Commission (WSAC) as an independent agency, moving some functions into the Department of Commerce and eliminating all procedural statutes for WSAC. This proposal included an 80% recommended reduction to WSAC's appropriation and a 50% reduction in staff. After various alternative budgets and structures were considered by the House and Senate, a bipartisan team of legislators negotiated a budget agreement recommending an appropriation of \$1.1 million per year in state funds for WSAC, which would be retained as an independent agency. That budget represents an approximate 10% cut in state funding to WSAC, entails the elimination of one full-time-equivalent staff position and changes the source of funding to the Heritage Center Account, a temporary funding source. ([More...](#))

### **Wisconsin**

Governor Walker's March 1 budget recommended reducing the Wisconsin Arts Board's (WAB) appropriation by 68%, eliminating the state's percent for art program and consolidating the agency into the state Department of Tourism. The legislature's Joint Committee on Finance agreed to these changes but amended the WAB budget line to authorize an additional \$175,700 appropriation if WAB secures an increase in federal funding above what currently is projected. This budget was approved as amended.

## Fiscal Year 2011

Four states defeated elimination proposals heading into fiscal year 2011: Florida, Georgia, South Carolina and Virginia. Other significant SAA changes that occurred:

- New Hampshire and Rhode Island had budget recommendations that would eliminate all of their grant funds. Partial funds were restored in both states.
- Arizona's ArtShare Endowment was swept of all its funds.
- Missouri did not receive an appropriation, but was instead directed by the legislature to spend funds out of the principal in its cultural trust.
- Colorado merged with the film and public art offices, becoming Colorado Creative Industries. This restructuring was initiated by the SAA.

## Fiscal Year 2010

Six state arts agencies had elimination proposals at some point in the 2010 budgeting process: Florida, Michigan, Minnesota, Nevada, Pennsylvania, and South Dakota. None of these proposals was successful, but there were some repercussions:

- The Michigan Council for Arts and Cultural Affairs lost 80% of its appropriation, its parent agency was eliminated, and the arts council was moved to the state's quasigovernmental Economic Development Corporation.
- Minnesota's proposal was to convert the SAA to a private nonprofit. It came at an odd time, given that the Legacy Amendment had just passed and the SAA was receiving a significant influx of money from the increased sales tax. Governor Pawlenty made the same proposal in 2011.
- The South Dakota Arts Council moved off the general fund and is now funded through a tourism tax.

## Additional Information

These resources are available 24 hours a day on the NASAA website:

- Information on state arts agency [funding](#)
- [Why Should Government Support the Arts?](#)
- Other [advocacy tools](#)

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