

National Assembly of State Arts Agencies

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STRATEGY SAMPLER STATE ARTS AGENCY GRANT TRENDS

As state arts agencies (SAAs) address environmental shifts—economic, cultural and political—many are enacting changes to grant programs. Some of these changes are catalyzed by the recession and recent declines in SAA resources. Others, however, are driven by larger environmental trends and may have occurred even had the recession not happened. This document reviews a selection of tactics used recently by state arts agencies to adjust their grants to new budget realities. It also outlines strategic, long term questions that state arts agencies should consider when revisiting their programs and services. For additional details—including comparative grant making data—contact the [NASAA research staff](#).

RECENT GRANT MAKING CHANGES

- **CONSOLIDATING PROGRAMS:** At the beginning of this decade, it was common for state arts agencies to offer numerous (15 or more) different grant categories. In recent years, many state arts agencies have sought to consolidate grant categories and to reduce the number of grant programs managed by the agency. This can be driven by reduced funding circumstances or by a desire for greater clarity/simplicity in program design.
- **MODIFYING ELIGIBILITY:** In response to reduced resources, several state arts agencies have tightened guidelines to allow only one grant application per artist or organization. This limits “double dipping” opportunities and reduces the number of applications the state arts agency must process. Other state arts agencies have narrowed eligibility criteria for selected programs in order to focus available resources on a strategic subset of constituents.
- **STREAMLINING PANELS:** Numerous states have adopted “virtual” panels to save on travel costs. Other states have reduced the length of panel meetings or consolidated panels. Many agencies have also adopted electronic materials review systems to reduce paper use and mailing costs and support paperless procedures.
- **STREAMLINING APPLICATIONS:** As award amounts decline, state arts agencies have attempted to simplify application forms and reporting requirements. There are limits to this, since state arts agencies need data to adjudicate awards fairly, to comply with government regulations, to document impact and to convey the value of the agency to legislators. However, state arts agencies are doing what they can to reduce the amount of paperwork required, especially for very small awards.

- **ADJUSTING MATCHING REQUIREMENTS:** Some state arts agencies have temporarily reduced the cash matching requirements for selected grant categories, allowing grantees to meet matches through a greater share of in-kind contributions. Often based on feedback gathered from grantees, these reductions are most commonly enacted for project support categories.
- **ROLLING GRANT DEADLINES:** Some state arts agencies are instituting rolling deadlines (multiple deadlines per year) for small project and technical assistance awards. This provides timely “sudden opportunity” support to artists and arts organizations, reduces the number of awards processed at any given time, and also allows the state arts agency to cancel some award cycles if resources get reduced throughout the year, which has happened to numerous states.
- **RETOOLING OPERATING SUPPORT:** Operating support is often the largest area of state arts agency investment, so changes in this grant category tend to affect numerous constituents. Several states using formula funding for large operating support awards have recently adopted systems that use historical data as the primary basis for award determinations, thus reducing the degree to which panel scores determine award amounts. Other states have moved toward a multi-year “partnership agreement” model in which the emphasis is placed on the achievement of goals that are meaningful to both the grantee organization and the state arts agency.

ADAPTATIONS BY SAAS FACING SEVERE BUDGET REDUCTIONS

- **REDUCING GRANT AMOUNTS:** Many state arts agencies have been forced to impose lower funding caps and to reduce the allowable award request at the beginning of new grant cycles. When the state arts agency receives mid-year cuts, however, the agency's options become more limited. In those cases, state arts agencies typically reduce the size of the award, decrease the percentage of award dollars paid out, or withhold final grant payments altogether.
- **FREEZING PROGRAMS:** Some state arts agencies have closed operating support grant programs to new applicants and/or “carried over” operating support grantees’ panel scores, recycling scores from a prior year in current year formulas. This strategy saves on panel costs and prevents already stressed resources from being spread among an even larger grantee pool. It is most often used when adapting to a sudden and sizable resource reduction that does not allow time for a systematic reassessment of grant formulae, eligibility criteria, etc.
- **PROGRAM CANCELLATION / HIATUS:** Some agencies have been forced to eliminate entire grant programs, either permanently or on a temporary basis. This strategy is typically adopted when budget cuts are so large that across-the-board reductions in grants (often an SAA’s first way of coping with modest reductions) would make award amounts too small to be of meaningful assistance or too small to administer effectively. This strategy is sometimes the only way to preserve funding for a constellation of priority programs.

These are all difficult decisions. It is helpful to base such decisions on priorities articulated in the agency’s strategic plan in combination with assessments of the most critical—in terms of field impact, political support and documented effectiveness—program areas. This underscores the need for ongoing program evaluation among state arts agencies, since it is

usually impossible to conduct a systematic or objective assessment of programs in the middle of a budget crisis.

STRATEGIC LONG TERM QUESTIONS

- **WHAT ARE OUR MOST IMPORTANT GRANT INVESTMENTS TO PROTECT?** Each state's answer to this question will be different. Historically, many state arts agencies have retained their investments in operating support and arts education in past recessions. (Even though the dollars awarded have had to shrink, the share of dollars devoted to those areas has held relatively steady.) Many agencies also work to retain some kind of project funding that allows a flexible mechanism for supporting smaller organizations.
- **DO OUR GRANTS ALIGN WITH THE GOALS OF STATE GOVERNMENT?** It helps a state arts agency to make the case for resources when the grant dollars spent by the agency clearly contribute to the state's over-arching policy goals. State arts agencies can develop grant categories or funding initiatives that devote dollars to particular policy goals such as economic development, workforce development, education, rural development, tourism, etc.
- **CAN LIMITED DOLLARS MEANINGFULLY CONTRIBUTE TO THE CAPACITY OF ARTS ORGANIZATIONS?** In order to maximize the impact of modest investments, some state arts agencies have developed capacity building programs that combine operating funding with planning assistance, training and other technical assistance services designed to strengthen grant recipients. Other state arts agencies may need to shift away from operating support and focus on other kinds of investments. (This has not happened yet. State arts agencies devote nearly 40% of all grant resources to operating support grants, which most grantees identify as their preferred kind of grant support. But the question of "How small can a GOS grant get and still make a difference?" is certainly looming.)
- **HOW CAN WE USE SMALLER AMOUNTS OF MONEY CATALYTICALLY?** When "sustaining arts organizations" is not a realistic goal given available public funds, state arts agencies may consider how grant funding can, instead, play a catalytic role. Using grants as a change catalyst usually entails retooling the program's goals, evaluation criteria and other requirements in order to achieve specific outcomes, to stimulate certain kinds of activity or to leverage local support.
- **ARE WE ADDRESSING FEDERAL PRIORITIES?** In addition to the overall quality of the agency's strategic plan, two special federal priorities are taken into consideration when NEA Partnership Agreement funds are determined: addressing the needs of underserved communities and strengthening arts education. Although the NEA does not mandate specific approaches (states may address these issues through whatever grants, services or collaborations best suit their circumstances), the strategies a state arts agency adopts to address these federal priorities receive close scrutiny when the state applies for NEA funds.
- **HOW SHOULD OUR GRANTS ADDRESS CHANGING NORMS OF ARTS PARTICIPATION?** As arts participation in America shifts to new mediums and venues, state arts agencies are offering more grants and programs designed to assist arts organizations—and non arts organizations—with audience development, engagement

and participation building programs. Some state arts agencies are also considering whether and how a state agency might support non-traditional grantees (businesses rather than 501c3s).

- **WHAT NON-GRANT SERVICES SHOULD WE PROVIDE?** Provision of non-grant services (training, technical assistance, network development, information services, etc.) is on the rise. This trend began before the recession, but is accelerated by the current economy. When a critical mass of funding is not available to make grants, state arts agencies seek other creative strategies to achieve their goals. Some SAAs are also concerned that their state government may curtail grant making, not just in the arts but across all policy domains. These agencies are assessing how best to position the arts—and define new roles for state arts agencies—in such a scenario.
- **WHAT INITIATIVES EMBODY THE VALUE OF OUR AGENCY?** Whether this is a “flagship” grant program, a creative economy initiative, a popular collaboration or a communications campaign, many agencies have found it helpful to have a program or project that captures the attention and imagination of legislative leaders and opens doors for conversations about support for other programs.
- **HOW DO OUR GRANT CATEGORIES AND REQUIREMENTS ULTIMATELY REFLECT THE PUBLIC INTEREST?** When designing its programs, state arts agencies absolutely look to the needs of the cultural community and respond with funding categories that address those needs. As managers of public funds, however, state arts agencies must additionally consider the needs of a larger constituency, asking what public value the state arts agency’s grants deliver to taxpayers and state residents who may or may not ever personally attend a state arts agency funded event. Regardless of how its grants are structured, each state arts agency must be able to describe how its grant investments benefit the public (not just artists and arts organizations) and why those investments are appropriate for the *public sector* (rather than the private sector or an individual philanthropist) to be making.
- **HOW CAN WE BRING GRANTEES “ON BOARD” WITH CHANGES?** Retooling grant programs presents a variety of tactical and communications challenges to state arts agencies. Stakeholder groups are likely to include ardent advocates for change as well as strong advocates for existing funding systems. Also, scarce resources can intensify feelings of competition and concern about change. State arts agencies will need to consider how constituents should be consulted, what transparent decision making should look like, and what kinds of communications might best facilitate change and buy-in.

MORE INFORMATION

For specific examples of state arts agency programs, or to request comparative grant making statistics, contact [Angela Han](#). For advice on program evaluation, re-alignment or planning, contact [Kelly Barsdate](#).

Also be sure to consult the NASAA [website](#). Browse our [grant making](#), [best practices](#), [arts participation](#), [arts education](#) and [creative economy](#) resources or review [Why Should Government Support the Arts?](#) for information and inspiration.