



# State Arts Agency Placement: Frequently Asked Questions

This FAQ examines the placement of state arts agencies within the governmental structures of the 50 U.S. states.

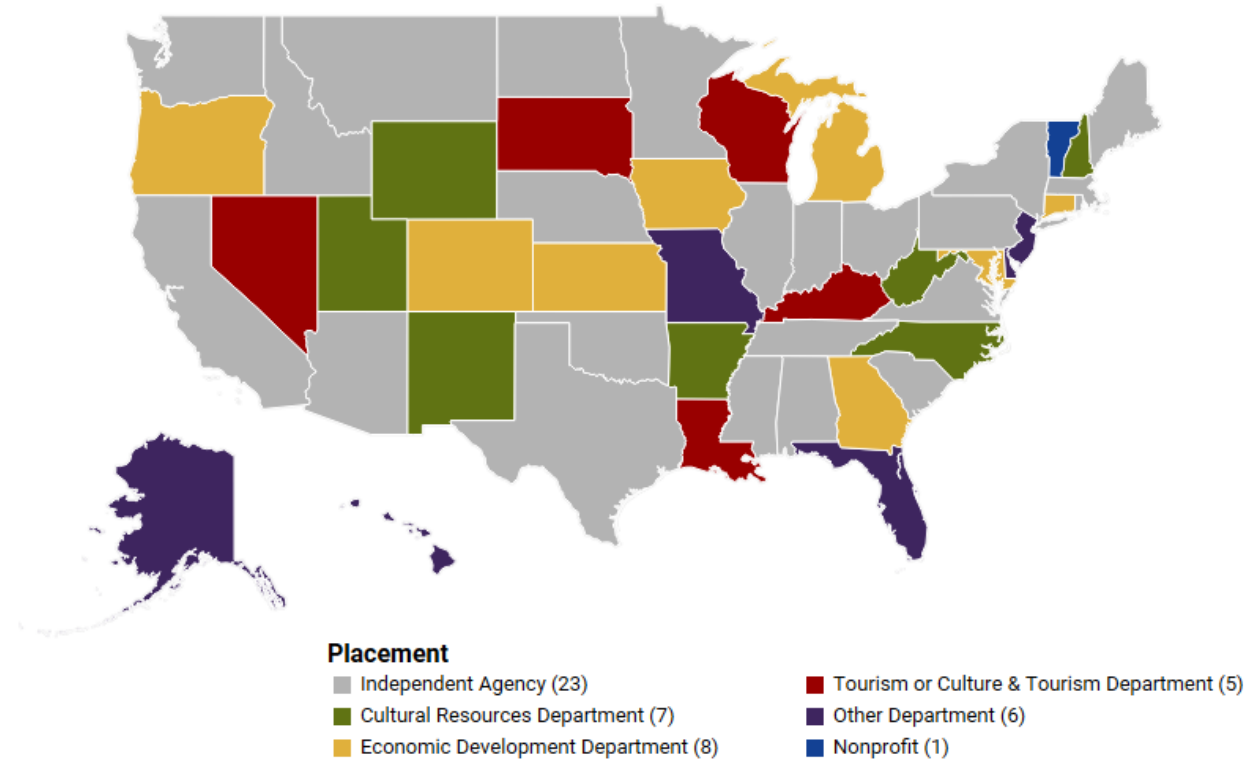
## Where are state arts agencies typically placed within state governments?

State arts agencies (SAAs) are located in a variety of places within state governments. They fall into two main groups:

- **independent agencies** that report directly to the governor
- **agencies within multidivision departments** comprised of "sister" agencies

Currently, 23 SAAs are independent and 26 are embedded within multidivision departments. One SAA is a nonprofit organization outside of state government (it has a special designation from the state and follows government accountability standards). Figure 1 shows a summary of SAA placement; see NASAA's [placement table](#) for details on specific states.

**Figure 1: State Arts Agency Placement within State Government**  
Fiscal Year 2024



### When state arts agencies are embedded in multidivision departments, where in state government are they placed and with what other types of agencies?

There are a few common departments in which SAAs are embedded. Eight SAAs are within economic development departments, seven are within cultural resources departments, and five are within tourism or combined culture and tourism departments. Other parent departments include departments of state, accounting and education.

### Does placement change happen often?

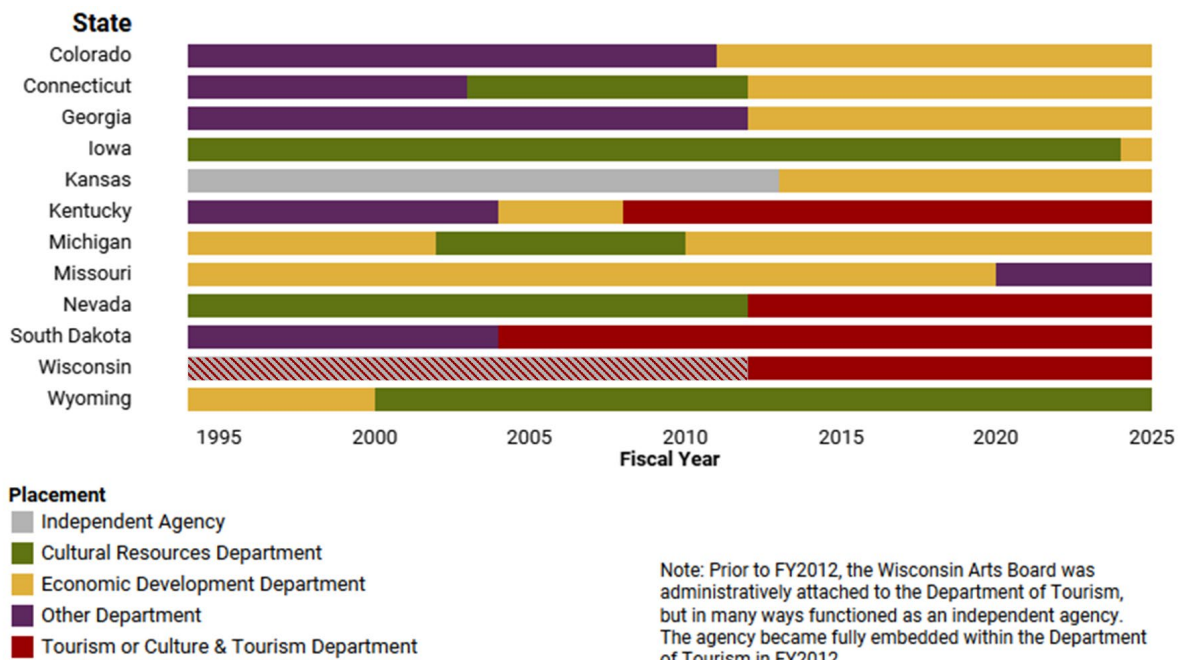
Sixteen SAA placement changes occurred during the past 31 years, affecting 12 agencies. It is interesting to note that in only one case did an agency change from being independent to being embedded. In all other cases embedded agencies moved from one department to another. No agency changed placement between fiscal years 1994 and 1999. Six agencies changed placement from 2000 to 2008. Seven state arts agencies changed placement between 2010 and 2013, when many state budgets were struggling in the wake of the Great Recession. SAA placement changes following the recession occurred in states that heavily cut expenditures. Between 2009 and 2011, these seven states experienced a greater decrease in their general fund expenditures on average

(-10.1%) when compared to all other states (-8.4%). State arts agencies were not the only state government agencies to feel the effects of fiscal constraints and reorganizations. During the aftermath of the recession, governors and state legislatures used a variety of mechanisms to curb spending throughout government, including agency restructuring. All told, according to the National Conference of State Legislatures, 19 states consolidated or eliminated government entities of any type (departments, commissions, agencies, etc.) between 2009 and 2011.<sup>1</sup>

Since 2014, there have been only a few instances of SAAs undergoing placement changes within their state government structures. In 2017, the Alaska State Council on the Arts was reclassified as a public corporation but retained its attachment to the state's Department of Education and Early Development. The two most recent actual placement changes took place in 2020 (Missouri) and 2024 (Iowa).

## Figure 2: Placement Change Time Line

Fiscal Years 1994-2024



## Recent Changes to Parent Agencies

Two state arts agencies have seen substantial changes to the structure of their parent agencies in recent years that affected the placement of the state arts agency. Effective FY2020, the Missouri Department of Economic Development underwent a reorganization as part of a statewide effort.

<sup>1</sup> National Governors Association Center for Best Practices. Issue Brief: State Government Redesign Efforts 2009 and 2010. Washington, D.C. October 18, 2010.

With this restructuring, the Missouri Arts Council moved from the Department of Economic Development to the Office of the Lieutenant Governor. The Iowa Arts Council was transferred to the state's Economic Development Authority when the Department of Cultural Affairs was dissolved, effective July 1, 2023. Under the new structure, the Iowa Arts Council operates as a separate unit within the the Arts and Community Division at the Economic Development Authority. Both Missouri and Iowa maintained continuity of operations and retained their role as the state's designated arts agency.

In addition to these changes, numerous alterations to parent agencies occurred that affected the sister divisions of state arts agencies, but not the state arts agencies themselves.

### **Does structural placement influence the funding appropriated to state arts agencies?**

Statistically, the largest influence on any individual SAA's funding is the health of its state's overall budget. The condition of a state's revenue collections, the presence (or absence) of fund balances, and revenue forecasts affect allocations to all state services, including the arts.

### **Does going through placement change influence an agency's budget?**

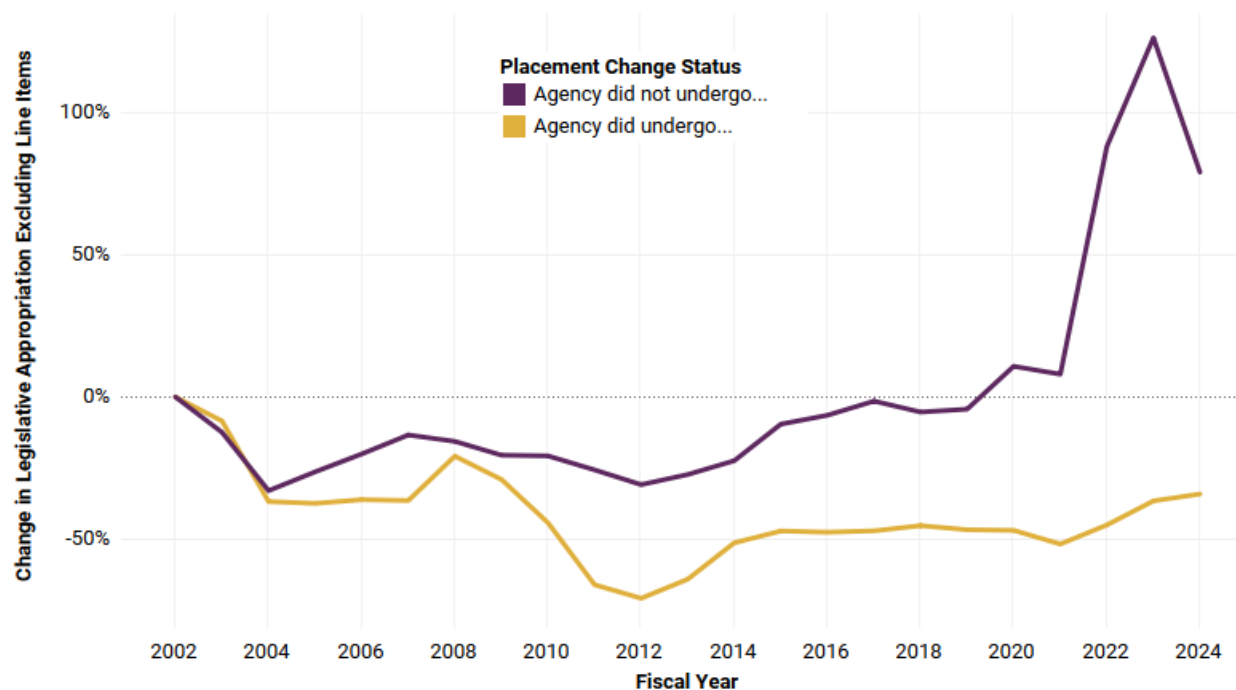
In nearly all cases, a placement change is concurrent with or immediately preceded by declines in the agency's legislative appropriation. Agencies undergoing structural changes also display significantly less appropriation growth over time. This correlation exists; however, it does not explain the underlying reason for departmental changes or slower growth in appropriations. Each change requires an in-depth case study to understand the political, budgetary and other dynamics influencing a state agency's placement change.

Appropriations to state arts agencies have steadily grown over the past two decades even though recessions temporarily slowed the growth rate in notable periods. From 2004 to 2024, SAAs that remained unchanged in their placement saw a significant cumulative increase of 167% in appropriations over the 20-year period. In contrast, SAAs that experienced placement changes had a modest cumulative growth of 4.2%. In examining the average year-over-year percentage change, SAAs that did not undergo placement change demonstrated a higher annual growth rate of 6.4%, compared to 2.5% for SAAs that did.

Following the Great Recession, changed SAAs experienced a more severe decline in appropriations compared to unchanged SAAs during the period. Unchanged SAAs saw a total decrease of 14% from 2009 to 2012 and changed SAAs experienced a 59% drop in appropriations over the same four years. The year-over-year percentage changes highlight the differences between the two groups. Unchanged SAAs had relatively smaller declines of 5%, 7% and 4%, respectively, from 2009 to 2012. In contrast, changed SAAs experienced much larger declines of 21%, 39% and 14% during the same years, indicating a more severe and persistent impact of the recession. Since 2012, the gap between the two groups widened, exacerbated during and following the COVID-19 pandemic.

**Figure 3: Appropriations to State Arts Agencies (Percentage Change)**

Fiscal Years 2004-2024



One cannot assume that placement change is the sole "cause" of appropriations cuts. Appropriations declines have many drivers and precipitating events, including budget shortfalls, political conditions and governmentwide reorganization efforts. Nor is it clear whether SAAs that have been reorganized would have fared better had their prior structural position been maintained. In some cases, post-restructuring cuts may represent higher appropriations levels than would otherwise have been possible.

Nevertheless, the correlation between SAA appropriations declines and structural change is highly consistent—and those declines are sobering in magnitude. States are advised to approach SAA structural change in a planned way, in conjunction with specific strategies for growing arts appropriations over time.

## **Do the budgets of state arts agencies embedded in multidivisional departments fare better than those of independent state arts agencies that report directly to the governor?**

We can observe trends over time by looking at average appropriations to SAAs placed in different departments over the long term.

- The average appropriation to independent SAAs increased by 180.3% from 2004 to 2024. The number of SAAs in this group decreased from 11 in 2004 to 7 in 2024.
- SAAs in cultural resources departments saw average increases of 34.5% over the same period.
- The average appropriation to SAAs in economic development departments increased by 67.1% during that span. The number of SAAs in this group increased from 4 in 2004 to 8 in 2024.
- SAAs in tourism departments experienced a decline of 37.4% in average appropriations during the period. The number of SAAs in this group increased from 2 to 5.

During recessions, independent agencies as a group fared better than most embedded agencies. Since the high point of aggregate SAA appropriations in FY2001, independent agencies had the smallest average decrease of any placement category (excluding the small number of states grouped as "Other Department"). Likewise, appropriations to independent agencies and to SAAs in other departments have experienced positive growth since the Great Recession. The trend data in Table 1 shows that independent agencies experienced the most consistent growth in average appropriation compared to other SAA placement types.

Bear in mind that there are exceptions to every statistical average. There are embedded SAAs whose budgets have grown and independent SAAs whose budgets have contracted. As noted above, placement is not the sole factor affecting appropriations.

**Table 1: Average Appropriations to SAAs by Departmental Placement**  
Average Appropriations Excluding Line Items, Fiscal Years 2004-2024

Fiscal Year	Independent SAAs		SAAs in Cultural Resources Departments		SAAs in Economic Development Departments		SAAs in Tourism Departments	
	Average Appropriation	# of SAAs	Average Appropriation	# of SAAs	Average Appropriation	# of SAAs	Average Appropriation	# of SAAs
2004	\$5,548,258	25	\$2,831,612	11	\$3,812,359	4	\$2,684,795	2
2005	\$5,657,429	25	\$2,823,431	11	\$4,061,645	4	\$2,678,402	2
2006	\$5,857,251	25	\$2,956,797	11	\$4,276,966	4	\$2,705,331	2
2007	\$6,261,633	25	\$2,709,704	11	\$5,738,458	4	\$2,283,922	2
2008	\$6,488,985	25	\$3,173,184	11	\$8,454,185	3	\$3,573,010	3
2009	\$6,322,159	25	\$3,120,193	11	\$7,178,542	3	\$3,530,284	3
2010	\$6,663,923	25	\$2,283,105	10	\$6,431,410	4	\$3,097,407	3
2011	\$6,159,214	25	\$2,295,177	10	\$5,066,909	5	\$2,296,049	3
2012	\$5,703,624	24	\$2,044,330	8	\$4,169,164	7	\$1,759,245	5
2013	\$6,237,986	23	\$2,045,741	8	\$3,698,064	8	\$1,640,123	5
2014	\$6,827,931	23	\$2,042,023	8	\$4,339,677	8	\$1,537,479	5
2015	\$7,079,807	23	\$2,032,910	8	\$4,652,745	8	\$1,561,501	5
2016	\$8,098,982	23	\$2,147,240	8	\$4,789,893	8	\$1,573,642	5
2017	\$8,359,728	23	\$2,125,353	8	\$4,987,398	8	\$1,610,999	5
2018	\$7,995,705	23	\$2,115,213	8	\$5,176,914	8	\$1,665,899	5
2019	\$8,824,383	23	\$2,266,396	8	\$5,366,654	8	\$1,471,931	5
2020	\$9,668,556	23	\$2,498,909	8	\$5,700,677	7	\$1,487,112	5
2021	\$9,514,582	23	\$2,520,902	8	\$5,455,595	7	\$1,323,765	5
2022	\$17,952,936	23	\$4,873,166	8	\$6,246,728	7	\$1,545,623	5
2023	\$20,963,575	23	\$3,143,988	8	\$6,753,010	7	\$1,586,687	5
2024	\$15,554,358	23	\$3,809,933	7	\$6,371,636	8	\$1,679,828	5
<b>% Change 2004-2024</b>	<b>180.3%</b>		<b>34.5%</b>		<b>67.1%</b>		<b>-37.4%</b>	

## Beyond funding, is one structural configuration best for the arts?

No. When observing SAAs over time, it's apparent that they can succeed within a variety of structural contexts.

To thrive, every SAA must achieve clarity of purpose, deliver relevant services, engage elected officials, demonstrate meaningful impact and communicate its value to citizens. State arts agencies have exhibited these attributes from many different positions within state government. Placement certainly can, however, affect *how* an SAA attains these objectives, as well as how it makes decisions and conducts business on a daily basis.

Independent SAAs view their direct lines of communication with the governor and state legislature as an advantage. These SAAs value their autonomy and their abilities to make many planning, resource allocation and personnel decisions at the agency level. Embedded SAAs likewise report advantages to their placements, including resource-sharing within their departments and increased potential for collaborative initiatives and service synergies among agencies with complementary missions and goals.

Such opportunities, however, are not confined to any one structure. Many independent agencies have successful interagency partnerships, and many embedded agencies enjoy decision-making flexibility. The key variables appear to be the tenor of the relationships that exist between SAAs and their supervising authorities, a state's economic conditions, a state's political culture and the clout of arts advocates—not an SAA's position on a state's organizational chart.

## Where can I learn more?

Contact NASAA's [research staff](#) for:

- details on the configuration and leadership structures of multiagency departments;
- budget histories for individual agencies experiencing structural transitions;
- information on the experiences of state arts agencies located in various positions within state government.

## Sources

This report uses information from [NASAA's Fiscal Year 2024 State Arts Agency Revenues report](#), NASAA's historical database of state arts agency revenues, and NASAA's ongoing updates on state arts agency [structure and placement](#). State general fund expenditure data in the report comes from [The Fiscal Survey of States, Fall 2023](#), published by the National Association of State Budget Officers.

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