

National Assembly of State Arts Agencies

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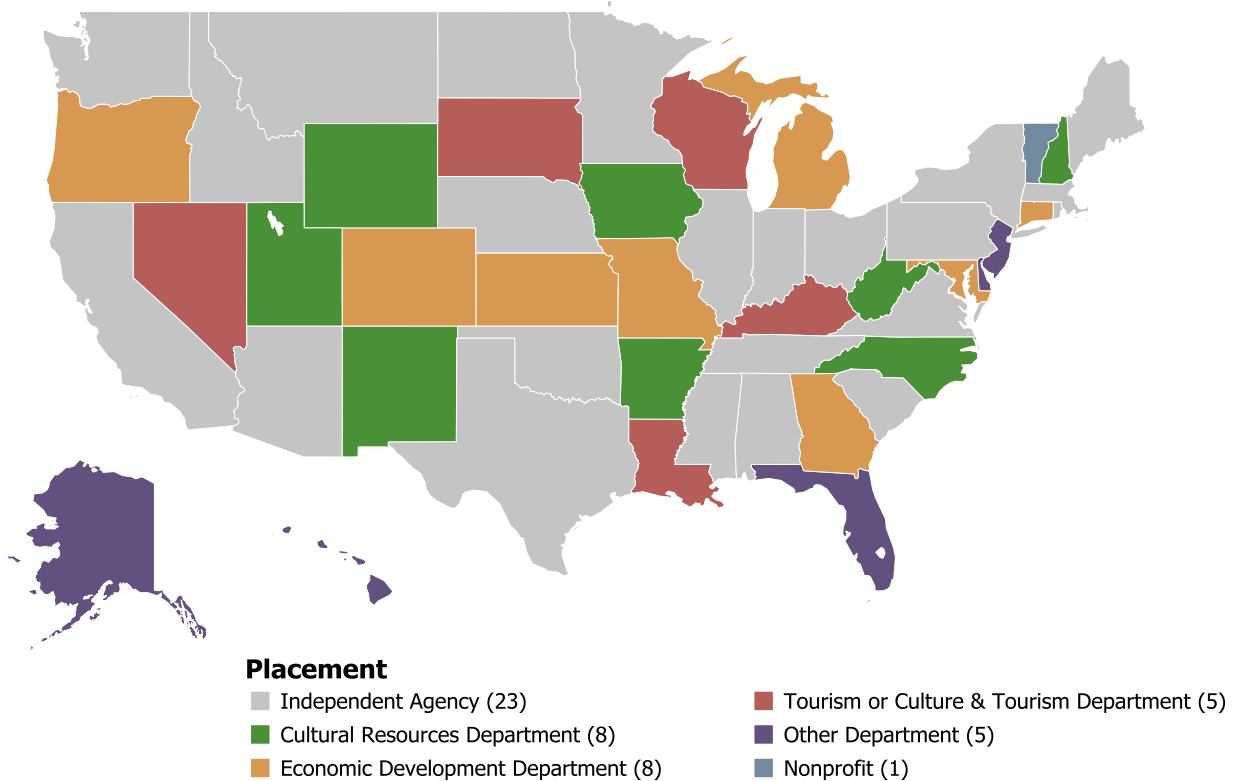
State Arts Agency Placement: Frequently Asked Questions

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, and agencies within multidivision departments comprised of many "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). See NASAA's [placement summary table](#) for details on specific states.

State Arts Agency Placement within State Government
Fiscal Year 2018



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

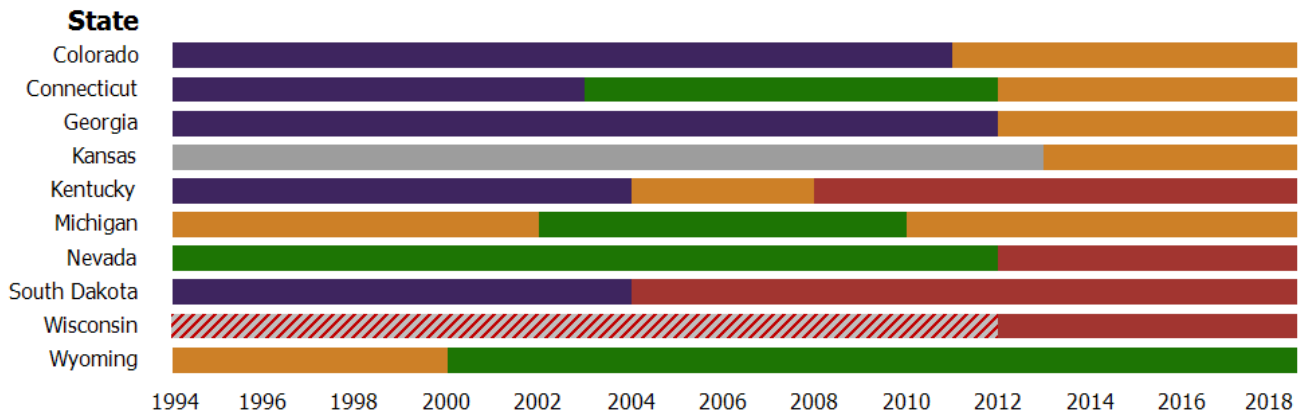
There are a few common departments in which SAAs are embedded. Eight SAAs are within economic development departments, eight are within cultural resources departments, and five are within tourism or combined culture and tourism departments. Other parent departments include departments of state, accounting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

Does placement change happen often?

Thirteen SAA placement changes occurred during the past 25 years, affecting 10 agencies. It is interesting to note that in only one case did an agency change from being fully independent to being embedded; all other cases saw embedded agencies being moved from one department to another. No agency saw its placement change between fiscal years 1994 and 1999. The period from 2000 to 2008 saw six placement changes. Seven state arts agencies changed placement in the period 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 during the same time frame. 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. 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.

Placement Change Timeline
Fiscal Years 1994-2018



- Placement**
- Independent Agency (23)
 - Cultural Resources Department (8)
 - Economic Development Department (8)
 - Tourism or Culture & Tourism Department (5)
 - Other Department (5)

Note: Prior to FY2012, the Wisconsin Arts Board was administratively attached to the Department of Tourism, but in many ways functioned as an independent agency. The agency became fully embedded within the Department of Tourism in FY2012.

Recent Changes to Parent Agencies

Three state arts agencies have seen changes to the structure of their parent agencies in recent years. In two cases—North Carolina and New Hampshire—the placement of the agencies didn't change but the composition of their parent agencies both changed from cultural resources to cultural and natural resources. Additionally, the West Virginia Commission on the Arts, embedded within the Division of Culture and History, experienced a shift when the division's parent department was dismantled in early 2018. After a temporary placement in the Department of Commerce, separate legislation turned the Division of Culture and History into the Department of Arts, Culture and History.

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

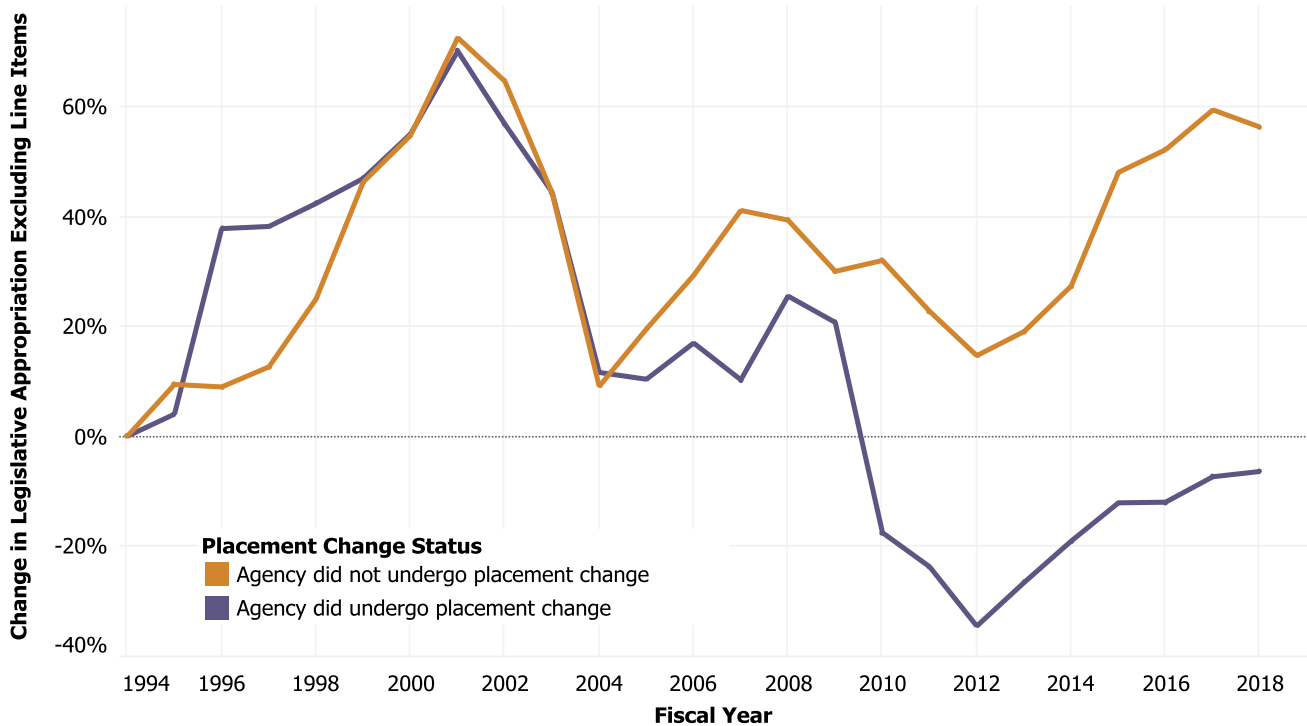
Statistically, the largest influence on any individual SAA's funding is the health of a state's overall budget. The condition of a state's revenue collections, the presence (or absence) of fund balances, and revenue forecasts affect allocations to all state services, including the arts. In some cases, however, placement can be an additional, significant variable. See the next two questions for more information.

Does going through placement change have an effect on an agency's budget?

In nearly all cases, placement change is concurrent with or immediately preceded by declines in the agency's legislative appropriation. Appropriations to all state arts agencies grew steadily from FY1994–2001. Only one state arts agency underwent placement change over this time period (Wyoming, in 2000). From the high point of appropriations to SAAs in FY2001, appropriations to agencies whose placement changed dropped by 76%, while appropriations to agencies whose placement remained the same declined by only 15%. Between 2004 and 2018, the gap between the two groups has widened: appropriations to agencies without placement changes increased by 57% since FY1994, while appropriations to agencies whose placement changed decreased by 6%. There remains a 63% gap between the two groups.

Appropriations to State Arts Agencies

Fiscal Years 1994-2018



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 that SAAs that have been reorganized would have fared better had their prior structural position been maintained. In some cases, post-restructuring cuts may actually 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 multidivision departments fare better than those of independent state arts agencies that report directly to the governor?

To analyze the effect of the five placement categories outlined above, we look at how the average appropriation of the SAAs in each group changes over time. We use the average to control for the fluctuating number of agencies in each category due to placement change.

- The average appropriation to independent SAAs increased by 52.8% between FY1994 and FY2018, faring better than most embedded agencies.
- SAAs in cultural resources departments saw average increases of 21.5% over that period.
- The average appropriation to SAAs in economic development departments increased 13.4% during that span.
- SAAs in tourism departments experienced the only decline in average appropriation: -60.2% from FY1995 to FY2018. (In FY1994, the only SAA within a tourism department did not receive a legislative appropriation, leading to the slightly different time period for comparison.)

Independent agencies as a group fared better than most embedded agencies during recessions. 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 SAAs in other departments have experienced positive growth since the Great Recession.

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.

Average Appropriations to SAAs by Departmental Placement

Average Appropriations Excluding Line Items, FY1994-2018

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
1994	\$4,467,272	25	\$1,740,904	8	\$4,565,727	5	\$0	1
1995	\$5,042,865	25	\$1,814,100	8	\$5,283,246	5	\$4,190,000	1
1996	\$4,944,279	25	\$1,801,550	8	\$7,076,995	5	\$4,176,000	1
1997	\$5,102,513	25	\$1,830,596	8	\$7,299,297	5	\$4,135,742	1
1998	\$5,924,741	25	\$1,950,425	8	\$7,354,929	5	\$4,385,742	1
1999	\$6,934,562	25	\$2,192,750	8	\$7,479,988	5	\$5,041,770	1
2000	\$7,469,489	25	\$2,139,495	9	\$9,783,065	4	\$5,041,770	1
2001	\$8,318,172	25	\$4,500,009	10	\$6,463,625	3	\$4,898,143	1
2002	\$7,952,124	25	\$4,104,597	10	\$5,950,919	3	\$5,178,440	1
2003	\$6,801,725	25	\$3,707,424	11	\$5,336,021	3	\$4,861,013	1
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
% Change 1994-2018	52.8%		21.5%		13.4%		-60.2%	
% Change 2001-2018	-3.9%		-53.0%		-19.9%		-66.0%	
% Change 2008-2018	23.2%		-33.3%		-38.8%		-53.4%	

Note: % change is calculated from 1995-2018

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.

In order 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 attributes, 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 legislature as an advantage. These SAAs value their abilities to make many planning and resource allocation 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 an SAA's leadership milieu, 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 2018 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 2017](#), published by the National Association of State Budget Officers.

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