

# National Assembly of State Arts Agencies

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## State Arts Agency Placement: Frequently Asked Questions

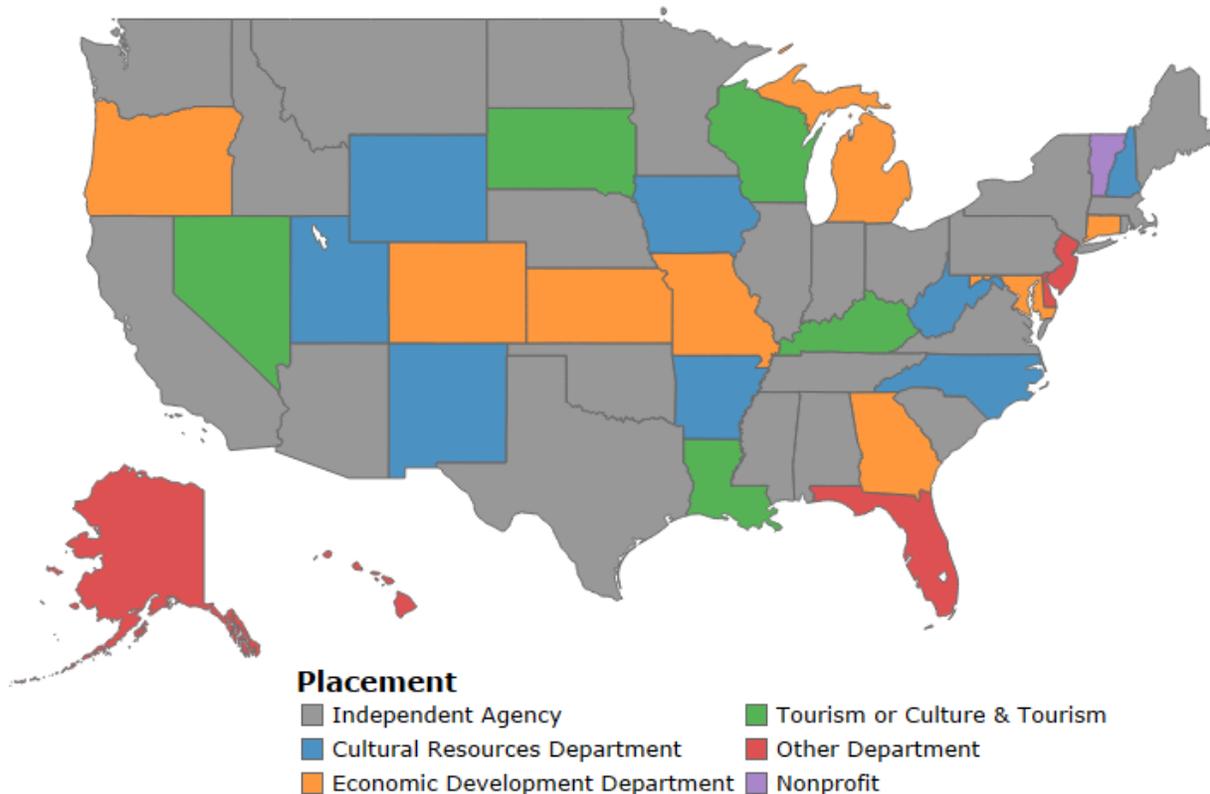
This FAQ examines the placement of state arts agencies within the governmental structures of the 50 U.S. states.

### Where are state arts agencies typically placed within the structure of state government?

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](#)<sup>M</sup> for details on specific states.

<sup>M</sup> = Content available to NASAA members only.

### State Arts Agency Placement within State Government Fiscal Year 2014



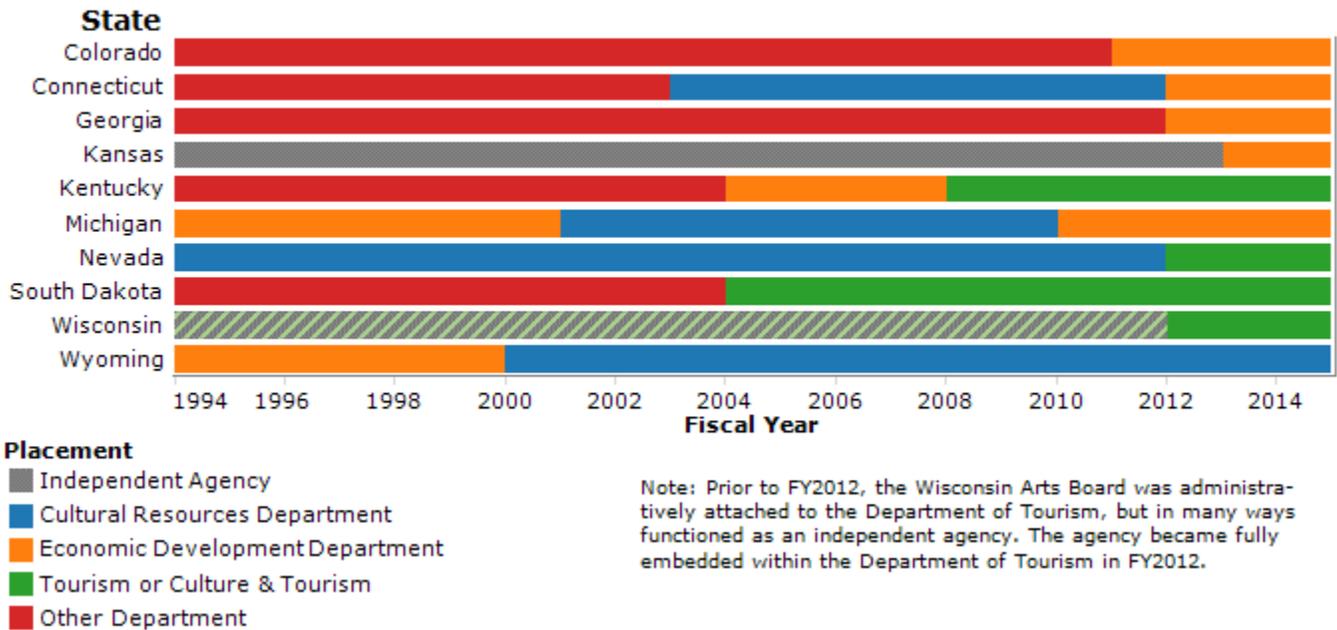
**When state arts agencies are embedded in multidivision departments, where in state government are they placed and with what other types of agencies?**

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?**

Only 13 SAA placement changes have happened during the past two decades, affecting 10 agencies. No agency saw its placement change between fiscal years 1994 and 1999. The pace of restructuring has quickened in recent years, however. The period from 2000 to 2007 saw five placement changes, and there have been eight placement changes since 2008. 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. The chart below gives a timeline of these changes.

**Placement Change Timeline**  
Fiscal Years 1994-2014



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

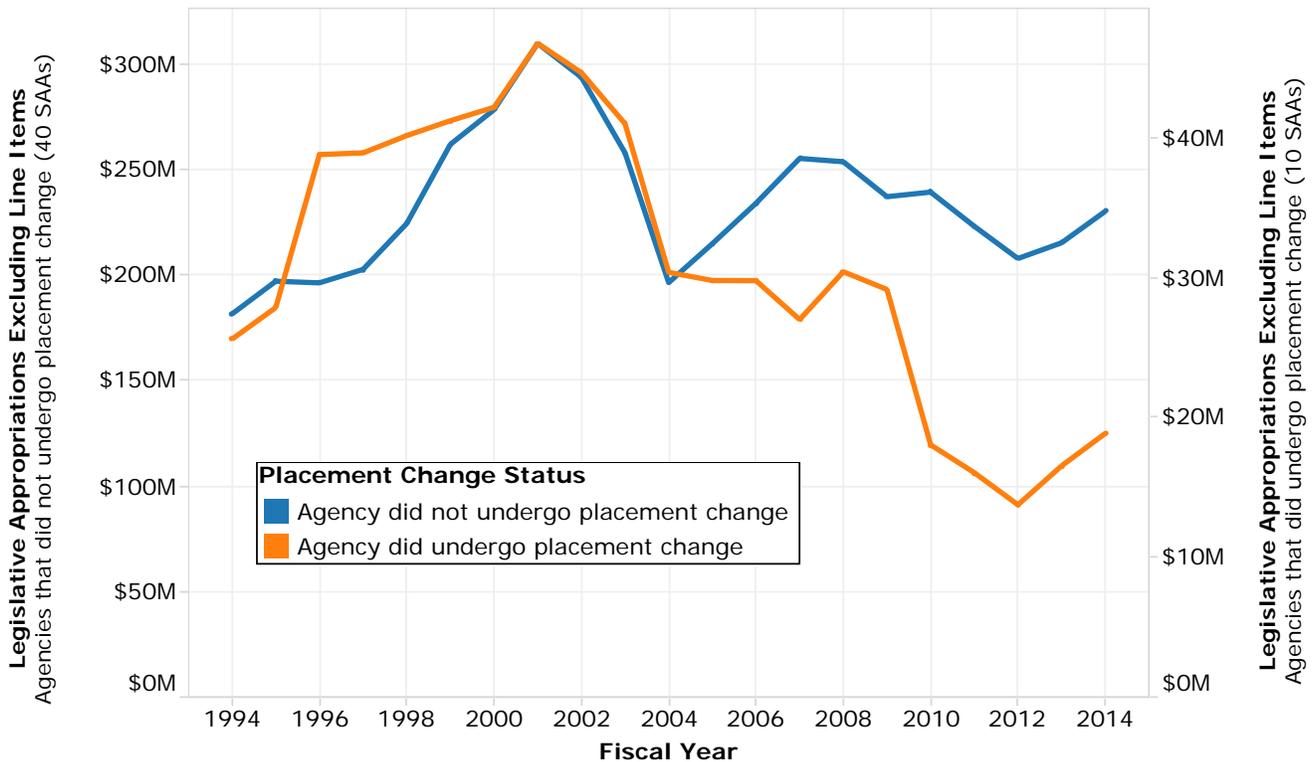
Statistically speaking, the largest influence on any individual SAA's funding is the health of a state's overall budget. The condition of a state's revenue collections, the presence (or absence) of fund balances and the revenue forecasts affect allocations to all state services, including the arts. In some cases, however, placement can be an additional variable of significance. 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 to 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). Since the high point of appropriations to SAAs in FY2001, appropriations to agencies whose placement changed dropped by 61%, while appropriations to agencies whose placement remained the same declined by only 25%. Between 1994 and 2014, the two groups are mirror images of one another: appropriations to agencies without placement changes increased by 29%, while appropriations to agencies whose placement changed decreased by 28%.

### Legislative Appropriations to State Arts Agencies Fiscal Years 1994-2014



One cannot assume that placement change is the "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 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 high and consistent. States are advised to approach SAA structural change in a planned way, giving careful consideration to the sustainability of 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 52.9% between FY1994 and FY2014, faring better than any category of embedded agency.

- SAAs in cultural resources and other departments reported increases over that time period of 17.5% and 2.5%, respectively.
- The average appropriation to SAAs in economic development departments saw a slight decrease of 5.0% during that span.
- The average appropriation to SAAs in tourism departments experienced the greatest decline: -62.3% from FY1995 to FY2014. (The only SAA within a tourism department in FY1994 did not receive a legislative appropriation, leading to the slightly different time period for comparison.)

Independent agencies also have fared better than embedded agencies during recessions. Since the high point of aggregate SAA appropriations in FY2001, independent agencies have the smallest average decrease of any placement category. Likewise, independent agencies are the category in which appropriations have experienced positive growth since the Great Recession.

Bear in mind, however, 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, FY1994-2014

Fiscal Year	Independent SAAs		SAAs in Cultural Resources Departments		SAAs in Economic Development Departments		SAAs in Tourism Departments		SAAs in Other Departments	
	Average Appropriation	# of SAAs	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	\$5,327,353	11
1995	\$5,042,865	25	\$1,814,100	8	\$5,283,246	5	\$4,190,000	1	\$4,871,173	11
1996	\$4,944,279	25	\$1,801,550	8	\$7,076,995	5	\$4,176,000	1	\$5,214,019	11
1997	\$5,102,513	25	\$1,830,596	8	\$7,299,297	5	\$4,135,742	1	\$5,327,006	11
1998	\$5,924,741	25	\$1,950,425	8	\$7,354,929	5	\$4,385,742	1	\$5,408,170	11
1999	\$6,934,562	25	\$2,192,750	8	\$7,479,988	5	\$5,041,770	1	\$6,328,790	11
2000	\$7,469,489	25	\$2,139,495	9	\$9,783,065	4	\$5,041,770	1	\$6,379,093	11
2001	\$8,318,172	25	\$4,500,009	10	\$6,463,625	3	\$4,898,143	1	\$7,185,368	11
2002	\$7,952,124	25	\$4,104,597	10	\$5,950,919	3	\$5,178,440	1	\$6,844,074	11
2003	\$6,801,725	25	\$3,707,424	11	\$5,336,021	3	\$4,861,013	1	\$6,704,953	10
2004	\$5,548,258	25	\$2,831,612	11	\$3,812,359	4	\$2,684,795	2	\$4,520,061	8
2005	\$5,657,429	25	\$2,823,431	11	\$4,061,645	4	\$2,678,402	2	\$6,298,402	8
2006	\$5,857,251	25	\$2,956,797	11	\$4,276,966	4	\$2,705,331	2	\$7,768,859	8
2007	\$6,261,633	25	\$2,709,704	11	\$5,738,458	4	\$2,283,922	2	\$8,525,749	8
2008	\$6,488,985	25	\$3,173,184	11	\$8,454,185	3	\$3,573,010	3	\$6,339,051	8
2009	\$6,322,159	25	\$3,120,193	11	\$7,178,542	3	\$3,530,284	3	\$5,199,475	8
2010	\$6,663,923	25	\$2,283,105	10	\$6,431,410	4	\$3,097,407	3	\$4,089,665	8
2011	\$6,159,214	25	\$2,295,177	10	\$5,066,909	5	\$2,296,049	3	\$4,263,980	7
2012	\$5,703,624	24	\$2,044,330	8	\$4,169,164	7	\$1,759,245	5	\$5,033,741	6
2013	\$6,237,986	23	\$2,045,741	8	\$3,698,064	8	\$1,640,123	5	\$5,671,130	6
2014	\$6,831,675	23	\$2,045,874	8	\$4,339,677	8	\$1,580,846	5	\$5,463,037	6
<b>% Change 1994-2014</b>	<b>52.9%</b>		<b>17.5%</b>		<b>-5.0%</b>		<b>-62.3%</b>		<b>2.5%</b>	
<b>% Change 2001-2014</b>	<b>-17.9%</b>		<b>-54.5%</b>		<b>-32.9%</b>		<b>-67.7%</b>		<b>-24.0%</b>	
<b>% Change 2008-2014</b>	<b>5.3%</b>		<b>-35.5%</b>		<b>-48.7%</b>		<b>-55.8%</b>		<b>-13.8%</b>	

Note: % change is calculated from 1995-2014

## **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 values 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.

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