

The State Arts Agency
Policy Environment
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It will surely be a useful endeavor to “unveil” state-level cultural policy – to reveal the many forms it takes, to understand its origination and encourage the transfer of useful ideas from state to state. But an inventory of state cultural policy may lead to a series of additional questions: Why does a particular policy look the way it does? What led to its inception at that time, as opposed to a decade earlier or later? Why was strategy “X” put in place in one state, while strategy “Y” evolved next door? Helpful answers to such questions may lie in understanding an individual state’s overall policy environment and how it has affected decisions about arts and culture.

Some Environmental Trends Affecting State Cultural Policy

State arts agencies and NASAA can identify a constellation of contemporary trends in the public policy environment within which state arts agencies and their constituents must operate. Regardless of the shape a policy intervention takes -- or how well-conceived and well-tested the idea behind it may be -- a variety of outside forces will affect its viability. For instance:

- **The overall health of state budgets.** Since state arts agency budgets are primarily drawn from state general fund allocations, overall state revenue and expense patterns have a significant influence on the dollars available for the arts in any given state. In recent years, states have simultaneously cut taxes, increased general fund expenditures and contributed to budget stabilization or surplus set-asides. In fact, states enacted revenue reductions for the seventh straight year (reducing taxes and fees by \$1.7 billion) while increasing general fund spending by \$19 billion in 2001.¹ With a nationwide economic slowdown of unknown duration taking hold in early 2001, the National Governors’ Association, the National Association of State Budget officers and other policy-makers’ affinity groups are sending cautionary messages suggesting the increased spending trend may not be sustainable.² This scenario bears watching for the arts field, since it will affect the resources available to the arts as well as legislative attitudes toward “discretionary” state spending of any kind. Support for new cultural policy initiatives may be squeezed, or the effects of new policies (if public allocations are used as indicators of measurement), may be obscured.
- **Policies imposing limitations on budget growth.** Despite aggregate increases in state spending across the nation, 28 state governments are operating under some kind of constitutional or statutory limitations on budget growth.³ Most of these limitations can be (and have been, at some point) overridden through a majority vote of the state legislature. But as the economy slows and additional tax cuts affect bottom-line state revenues, legislative votes to increase state spending may become increasingly unpopular. At the same

¹ *Fiscal Survey of the States*, National Governors’ Association, December 2000.

² “States’ Budget Forecast Cloudy,” National Governors’ Association press release, December 18, 2000.

³ *Budget Processes in the States*, National Association of State Budget Officers, December 1999. Most policies tie budget caps to a population growth or revenue index of some kind.

time, few public services will become proportionally cheaper to deliver. One possible consequence of this situation is increased competition for existing resources. Arts funding that is currently drawn from dedicated taxes and fees may be eyed hungrily by non-arts agencies at the same time that cultural agencies need to become increasingly resourceful about how other state revenues might be diverted to arts support.

- **Legislative leadership and term limits.** One of the key factors in arts budget growth can be the power of key legislators and their staffs to influence decision-making relevant to cultural agencies. Most state arts agencies that experienced sustained budget growth in the 1980s and 1990s could point to one or more “champions” of the arts – members of the state House or Senate that were willing to take the lead in finding creative policy solutions for their state. But with legislative term limits taking hold in 19 states⁴, ensuring continuity of legislative leadership has become more difficult for the arts as well as other policy fields. Continual education of policy-makers and their staffs is required to make an effective case for arts support and to cultivate a cadre of policy-makers that is informed about cultural policy alternatives.
- **Devolution.** A trend of devolution -- transfer of policy and spending authority from federal to state, and state to local, governing bodies -- has affected most policy arenas, especially education and health care. The arts at the state level have been affected, as well. As of 1979, seven state arts agencies operated decentralized funding programs in which state arts dollars were distributed in block grants to local or regional grant-making authorities who then took local control of decision-making about how those arts funds were used.⁵ Today, 17 states have some geographically decentralized grant-making mechanism in place. The effects of devolution are not just seen in the proliferation of decentralized grant-making programs – increases in county and municipal arts funding⁶ have been recorded at the same time. Ultimately, the broad trend of devolution will continue to prompt consideration of the relative roles of local, state, regional and federal arts funding. Effective synchronization of these roles remains an over-arching policy goal.
- **Perceived alignment between the goals of the state arts agency and that of the broader state government.** State legislators who understand the public benefits of the arts and perceive support of the arts to advance the broader public policy goals of the state are more likely to support new cultural policy initiatives.⁷ State arts agencies have achieved particular success in showing how their programs enhance the effectiveness of K-12 education, help to revitalize inner cities, make growing suburban tracts more livable and attract out-of-state cultural tourism dollars. As a result, many of the state arts agency budget increases seen in the last five years are tied in some way to these broader public policy agendas. What is currently referenced as “the new economy” is a particularly compelling connection here. The forces of globalism, deregulation, devolution and technology all converge with broad demographic and social trends to create a new information- and service-based economy, one in which every state must compete against its neighbor for workers, industry and economic

⁴ National Conference of State Legislatures (NCSL). For an interesting discussion of policy-makers’ views on the effects of term limits, see the results of an informal NCSL poll at www.ncsl.org/programs/legman/about/survrslt.htm.

⁵ *Decentralization Strategies in State Arts Agencies* by Lisa Wax, NASAA, 1995.

⁶ See Americans for the Arts’ annual *Local Arts Agency Facts* publications.

⁷ “Budget Breakthroughs: Major Increases in State Arts Funding,” *The NASAA Advocate*, Vol. 4 - No. 2.

prosperity.⁸ State policy-makers attach a high priority to economic development policies which may give them a competitive edge. Cultural agencies that can articulate how new cultural policy (or additional resources devoted to existing policies) is consistent with other state goals in workforce development, international import/export exchange, quality-of-life development, etc. may be better positioned for success in this current environment.

- **Perceptions of the appropriateness of state government funding for the arts.** Some policy-makers favor the arts as an appropriate government endeavor, while others may question any involvement of government in culture. Regardless of the substance of the arguments, each side does claim to be faithfully representing “the will of the people.” National opinion polling on the subject suggests that the public favors federal, state and local arts funding through the government, but the information suffers from ambiguity and a lack of comparable trend data.⁹ Meanwhile, policy-makers are left to speculate (or assume, based on individual citizen testimonials) what cultural role the residents of their state want their elected officials to adopt. In addition, cultural and regional differences can be observed in public attitudes toward government in general. New England states, for example, have a strong “town meeting” tradition of local control and minimalist state intervention, whereas southern states have a different set of expectations connecting to a more expansive role for government in the lives of citizens.
- **Degree to which the state arts agency has developed a “winning” distribution mechanism for the disbursement of its funds.** A common denominator among states that have achieved significant cultural policy goals is the striking of an accord among the state’s most diverse arts constituencies: professional vs. amateur, large vs. small, urban vs. rural, emerging vs. established, etc. Polarity between these groups can undermine popular support for new cultural policy initiatives unless all of the stakeholders perceive the policy to advance a distribution system that benefits them all.¹⁰
- **Relationships between the state’s cultural agencies.** Although this discussion concentrates primarily on state arts agencies, many other agencies – humanities councils, historic preservation agencies and departments of library, museum, film and tourism services, just to name a few – are essential parts of the cultural policy milieu. The relationships, both formal and informal, between these agencies and their constituencies affect the degree to which cultural agencies can present a united front and influence policy-making. The bureaucratic placement, governing authorities and planning behaviors of each of these agencies are additional important factors. Together they affect how a state’s cultural bureaucracies gain access to resources. These variables also affect the degree of self-determination cultural agencies enjoy in deciding how resources should be expended.
- **Maturity of the statewide arts advocacy network.** Many arts leaders credit the ascension in state funding for the arts over the last decade to the growing sophistication of state-level advocacy networks. In the “lean years” of the early 1990s, arts advocates had to galvanize

⁸ See *Governance in the New Economy*, National Governors’ Association, 2000.

⁹ See “Public Sentiments Towards the Arts: A Critical Reanalysis of 13 Opinion Surveys,” Becky Petit and Paul DiMaggio, Center for Arts and Cultural Policy Studies, Working Paper #5, Princeton University, March 1998.

¹⁰ “Budget Breakthroughs: Major Increases in State Arts Funding,” *The NASAA Advocate*, Vol. 4 - No. 2

constituent support for the arts and convince legislators that arts funding was a worthwhile investment even in an environment of severe state budget shortfalls. The skills, alliances and arguments forged in that early part of the decade remain an important factor in galvanizing legislative support for new arts policy initiatives today.

Although this list is by no means exhaustive, these are some of the key forces that we've observed to have an effect on arts policy at a number of levels: legislative decisions about the level of resources allocated to state arts agencies, policies that govern how those resources are secured and where they come from, and policies that designate the purposes and functions of resources to be allocated by the state arts council. These are documented over-arching themes, with the 50 states exhibiting 50 different variations in the way that they present themselves and intersect with one another to affect cultural policy.

Policy Roles of State Arts Agencies ¹¹

The trends mentioned above shape the resources available to state arts agencies. But they also affect state arts agencies' deployment of more than \$507 million in arts funding at the state level.¹² As policy-makers, themselves, state arts agencies are responsible for acquiring those funds, finding ways to increase them over time, crafting the rules about how they will be allocated and making many choices that influence how the American public experiences the arts at the local level.

A functional inventory of the principal policy-making roles performed by state arts agencies might include:

- **Making the case for more resources:** State arts agencies must continually refine and revisit the arguments about government support for the arts and justify the rationale that work best in any given environment.
- **Allocating resources strategically:** A state arts agency must identify the needs of the audiences and arts organization in its state, setting policy goals for the allocation of funding and developing the mechanisms (services, grants, partnerships and other programs) through which those public needs will be met.
- **Shaping local practices:** State arts agencies award 27,000 grants per year to more than 20,000 grantees in 3,600 American communities.¹³ These grants not only create opportunities for cultural participation for the state's residents, but the grant guidelines are vehicles which help to set standards for planning, budgeting, community involvement, documentation of results and other professional practices.
- **Shaping non-arts policy affecting the arts:** State arts exert influence on policies set by other state departments, such as departments of education, humanities/heritage agencies, tourism and economic development departments and natural resources commissions. Policies

¹¹ The work of this section draws heavily on an earlier NASAA work, "Briefing Paper: State Arts Agencies as Cultural Policy Makers" commissioned in June 2000 by the Pew Charitable Trusts.

¹² Includes state, federal and other funds administered by state arts agencies. *Legislative Appropriations Annual Survey: Fiscal Year 2001*, National Assembly of State Arts Agencies, February 2001.

¹³ *Highlights of State Arts Agency Funding and Grant-Making*, National Assembly of State Arts Agencies, February, 2001.

governing nonprofit regulation, education curricula, public land/space use, etc. all are routinely influenced by state arts councils. By establishing partnerships and conducting joint programming with other branches of state government, state arts agencies insert the arts in non-arts agendas and widen the pool of resources available to culture.

- **Establishing statewide networks to achieve policy goals:** State arts agencies create and support statewide infrastructures that amplify their ability to develop audiences, leverage private funding for the arts, shape local arts practices and achieve other policy goals. These statewide networks can include alliances for arts education; assemblies of local arts agencies; service organizations for arts organizations; and statewide convenings of educators, business leaders, artists and civic groups. The state arts agency catalyzes these networks and is typically the largest public funder of arts service organizations in a given state (and in some states is the largest arts grant-maker of any kind -- public or private).
- **Providing data and information services:** Like any grant-maker, state arts agencies gather an assortment of baseline grant-making statistics. But state arts agencies play an additional role of being statewide information-providers, supplying information about arts organizations and cultural opportunities, assisting with research projects and answering press inquiries. In some states, the state arts council is the only organization playing such a role. Consumers of these information services include elected officials (at the state, county and municipal level), the professional staff members of those officials, arts organizations, scholars and the press.
- **Collaborating on federal arts policy:** State arts agencies collaborate with the National Endowment for the Arts both as grantees (administering \$30 million in NEA grant funds per year) and as policy partners (helping to shape the investment of federal resources in key areas such as arts education, folk/traditional arts, grants to underserved communities and the Endowment's most recent "Challenge America" initiative).

In the simplest terms, the above inventory represents "what state arts agencies do" -- as grant makers, policy makers and cultural leadership institutions. Framing all of these roles are several realities that make the policy imperatives of state arts agencies distinct, in some respects, from those of federal, municipal or private arts funders. For instance:

- State arts agencies necessarily **take the long view** about what's good for the arts. States plan and develop programs that look five, ten and often even more years ahead. This can be attributed in part to the overall maturity of the state arts agency network¹⁴ and the degree to which states are involved in long-term sustainability interests (for instance, capital development projects - which can require a 10 -20 year time-span). Long-term commitments are especially challenging in today's environment of term limits and legislative turnover.
- State arts agencies must represent the **entire spectrum of artistic endeavors**, encompassing all disciplines, all types of cultural institutions, artists and audiences of every kind. This requires a policy paradigm balancing the goals of fostering artistic excellence, creating access to the arts, and then connecting the two (increasing access *to* excellence). State arts agencies can and do choose to prioritize specific services and/or artistic disciplines (e.g., service to underserved populations, major museums or practitioners of endangered artistic traditions). But these decisions are made within a broader context, where paying attention to

¹⁴ When the National Endowment for the Arts was established in 1965, some 25 state arts agencies were already in existence (although fewer had begun grant-making). The oldest state arts agency in the country (the Utah Arts Council) celebrated its centennial in 1999.

one particular group is understood as a strategic part of the thriving whole of the state's arts infrastructure.

- Each state arts agency must serve its **entire state population** and provide services to each geographic region of the state. This mandate presents thorny policy issues related to “equity” in distribution of funds and infrastructure development. (Where no arts infrastructure exists, one must be cultivated - an endeavor which can take decades of strategic effort.)
- The **accountability context** of state arts agencies is also unique. Not only are state arts agencies accountable to the legislatures that allocate their budgets and to the budget officers which review agency efficiency, they are also accountable to their grantees and constituents within the arts community, and ultimately to the public - whether or not those individuals are direct beneficiaries of state arts agency programs.

Ultimately, state arts agencies straddle dual worlds. They both affect the policy environment and are affected by it; they both make policies and experience the effects of policies made by others. It is this unique position that makes state arts agencies such rich subjects of study and important agents of cultural policy advancement.

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