Where's the Money Coming From? Children's Museums' Operating Budgets in 2016

February 28, 2018

How children's museums are funded is critical to their operations. Of course, funding keeps the lights on and the building heated. Funding sources also determine how children's museums pursue their missions. This Trends Report explores children's museums' overall income and major sources of funding.

To understand funding across the children's museum field, we use 2016 ACM Membership Survey data for US institutions, as well as relevant data from the American Alliance of Museums' field-wide studies. We explore how children's museums' operating incomes measure against those of peer institutions.

In this report, we continue to use the size categories first discussed in Trends Report #1.1 and revised in Trends Report #1.7 to understand patterns in the children's museums' funding sources. To make the data clearer and help us make comparisons, we clumped categories. For instance, here we discuss Large museums versus Small and Medium museums.

ACM TRENDS:

#1.11

ACM Trends #1.11

Based on 2016 data, we estimate US ACM museum members' cumulative operating income was approximately **$946,165,000**.

The majority of children's museums funds came from private funding and earned income in 2016, with each category respectively contributing an average of 39% and 36% of institutions' overall budgets. Private funding sources consisted of donations, annual giving, income from interest and endowments, and private income. Earned income included revenue from gate admissions, food service, gift shop, childcare, memberships (corporate and visitor), special events, and miscellaneous sources.
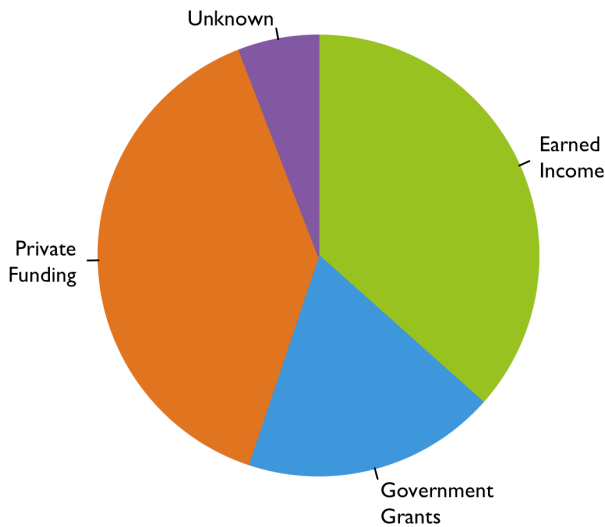

Figure 1. Children's museums' combined total sources of funding in 2016.

ACM Trends Reports

The Association of Children's Museums (ACM) is the world's foremost professional member service organization for the children's museum field. We leverage the collective knowledge of children's museums through convening, sharing, and dissemination. ACM has partnered with Knology to create the ACM Trends Reports. Knology is a nonprofit that produces practical social science for a better world.

ACM Trends Reports are commissioned on behalf of our membership to help advance the work of this community. They seek to draw attention to emerging issues and opportunities for elevating the field, and help our members use data to become more accountable to their mission and fiscal responsibilities. A product of collaborative efforts to collect data, the Trends Reports are an effort to support ongoing, accessible dialogue. Our objective is for this approach to be an equitable and inclusive way for museum professionals to contextualize our work and use data to produce effective outcomes.

Meanwhile, about a fifth of children's museums' funds came from government grants that year, consisting of federal, state, regional, and local municipal grants.

A small proportion of funds came from unknown sources in 2016. We calculated the total of unknown funds by comparing total income sources to total reported fund sources.

Private Funding

The private funding category captures funding that comes from contributions and other forms of income. We focus on this category in particular because museums tend to invest substantially in increasing private funding.

Private contributions were the largest component of these funds for children's museums in 2016, comprising more than half of all private funds for all reporting ACM members (Figure 2). Private contributions included general operating support from donors and grants from private sources, like family foundations. Income from private contributions accounted for about one-fifth of children's museums total funding in 2016.
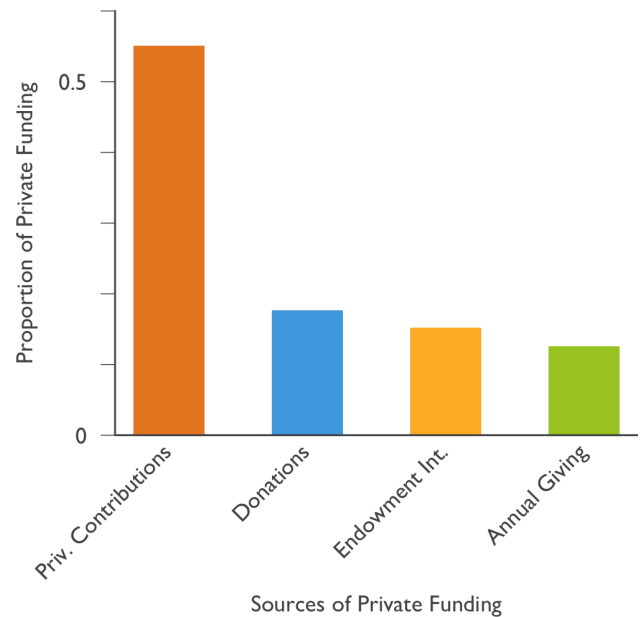

Figure 2. The proportion of children's museums' average private funding sources in 2016.

Other sub-categories of private funding contributed to children's museums' operating budgets in 2016. On average, donations, endowment interest, and annual giving comprised between 10% and 20% of private funds.

These numbers may prompt museum leadership to reflect on how they invest in the parts of their operations that generate the most funds. Do departments that oversee sources of private funding receive an appropriate amount of support? What about departments that work towards earned income, like memberships?

Comparing Children's Museums to Other Museums & Nonprofits

Comparing children's museums' annual income and sources of funds to those of peer organizations highlights commonalities across types of institutions. Here, we examine art museums to show how children's museums compare to institutions with higher levels of funding. We include history museums as a museum type with comparable financial operations.

Data from a 2014 American Alliance of Museums Salary Study show that, in general, US museums have an average operating budget of $3.2 million. Also that year, out of a sample of 24 institutions, children's museums had an average operating budget of about $2.9 million (Figure 3). However, more complete data from the 2016 ACM Membership Survey show that half of all children's museums had an annual operating budget of less than $1 million.

These data suggest that, in terms of fiscal operations, Large children's museums – likely those represented in the 2014 data – are similar to most museums of any type. Small and Medium children's museums – which have more modest operating costs – are likely more akin to history museums. The Trends research team plans to study similarities among different categories of children's museums and peer institutions in the future.
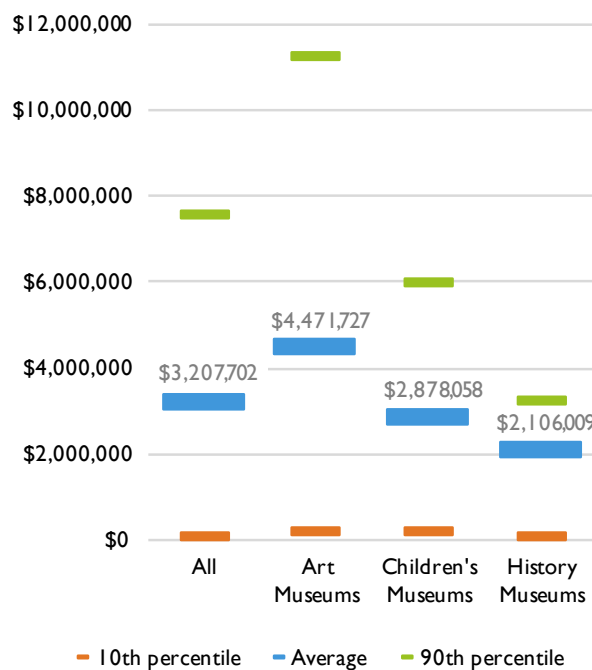

Figure 3. Average operating expenses of select museum categories in 2014.

Note: Response rates varied: All *N* = 866; Art *n* = 210; Children's *n* = 24; and History *n* = 224.

While overall budgets vary widely, the proportions of funding sources appear to be comparable across museum types. Comparing 2016 ACM Membership Survey data to a 2016 report from the Association of Art Museum Directors, both children's and art museums, for instance, had nearly a third of their funds come from earned income in 2016. Similarly, the proportion of private funding and unearned income for children's museums and art museums was around half of total their funds in 2016 (Association of Art Museum Directors, 2016).

These data suggest seemingly disparate types of museums have a lot in common – and a lot to gain from learning from each other. As informal learning institutions, neighboring museums often consider themselves competitors for resources and visitors' attention. However, these institutions share so many operations practices and mission-driven interests that they stand to

benefit from pooling resources, collaborating, and sharing ideas.

About This Research

Here, we describe details that shaped the research for this Trends Report.

Combined operating budget of all ACM members: One hundred US children's museums reported a combined total income of $355,700,564 on the 2016 ACM Membership Survey. We calculated the average operating budget for reporting museums and multiplied that amount by the number of US-based ACM Members in 2016 (n = 266), resulting in $946,163,500. As this number is an estimate, we rounded to the nearest five thousand. We also point out that this is an imprecise estimate; in other words, it has more than a 5% margin of error. Economic modeling and increased survey participation rates will help us improve the accuracy of estimates in the future. Look for these new data in ACM Trends Reports in 2018.

Private funding income: The private funding category included funding from contributions, donations, and other similar types of income. It does not include federal and state grants, as those are tightly restricted funds for specific programs or initiatives. However, the private funding income category encompasses grants from philanthropic foundations, since museums tend to treat those grants more like contributions than government grants.

Comparing to other types of museums: We referred to the data available from the American Alliance of Museums' 2014 Salary Survey to find comparisons to other types of museums (comparable data from 2016 were unavailable). We used the following categories for these calculations: all reporting museums, art museums, children's museums, and history museums (excluding historical societies, historical sites / landscapes, and historic houses). In the future, we will more closely examine history museums and related institutions as a category of comparison for children's museums. Within the discussion, we also referred to the 2016 ACM Membership Survey data, which had a higher response rate and was therefore more reliable.

References

American Alliance of Museums and New Knowledge Organization Ltd. (2014). 2014 National Comparative Museum Salary Survey. Washington, DC: American Alliance of Museums.

Association of Art Museum Directors. (2016). Art Museums by the Numbers 2016. Accessed December 22, 2017: https://aamd.org/sites/default/files/document/Art%20Museums%20By%20the%20Numbers%202016.pdf