

The Economic Impact of Children's Museums: Region Matters

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In recent decades, public conversations around economic impact have paid more attention to a globalized economy. However, there are still regional variations across the United States that have an impact on children's museums and vice versa. This Trends Report describes how spending by children's museums on operating costs and employee salaries helps to support the economies of regional communities. Specifically, it explores the economic contributions of children's museums in eight economic regions across the country, building on Trends Report #2.1's discussion of calculating the economic impact of a children's museum in the national context.

With an understanding of how an institution uniquely operates within its region, children's museum leaders can better advocate for their institutions. Museum leaders can tell this story to philanthropies, trade organizations, labor organizations, governments, and professional associations. This information can also serve as a catalyst for collaborative work among children's museums, where they pursue support for resources that can be shared across a region.

ACM TRENDS:

#2.3

ACM Trends #2.3

In ACM Trends Reports #2.1 and #2.2, we explored how children's museums influence the US economy. We know that children's museums have a substantial national economic impact: \$1.5 billion in cumulative spending ripples out to create \$5.5 billion in economic activity. Overall, children's museums support 59,000 jobs, including those of their own employees and employees at businesses affected by children's museums' spending.

A Regional Frame of Mind

Children's museums' economic activity and impacts operate in ways that may be unique to their geographic regions. The Bureau of Economic Analysis, in the US Department of Commerce, divides the country into eight regional economies (Bureau of Economic Analysis, 2004). The economic impact of children's museums varies by region. Children's museums support many different industries, and some more than others. Those contributions, combined with the activity of a range of industry sectors in each region, influence the economic impact of children's museums in a given area.

Figure 1 separates children's museums' economic activity into those eight regions to show the total amount of dollars that children's museums contributed to regional economic activity in 2016. Regional economic impact includes both the direct expenditures by children's museums on salaries and operating costs and the downstream effects on vendors and the businesses that employees patronize.

Children's Museums' Impacts by Region

Trends Report #2.1 described how to calculate a children's museum's impact on jobs based on national statistics (it may be helpful to review that information before reading further). Below, we provide ratios and spending amounts to calculate a children's museum's regional economic impact. Keep in mind, regional and national impacts are not mutually exclusive. However, impacts in both areas can be used strategically in different settings. For instance, it may be helpful for museum leaders to know their regional impact when meeting with regional employers, associations, and funders.

The economic impact of children's museums on regional economies varies in seemingly small yet important ways. The eight regions exhibit three primary differences. First, the regions differ in the dollar amounts at which labor and operating spending support a single job outside the children's museum. Second, the ratio of jobs supported by salary versus business-to-business spending differs across regions. Third, regions differ in terms of the industry sectors most impacted by children's museum spending.

New England – To calculate regional job impact, a New England children's museum would divide salary expenses by \$160,000 and business-to-business operating expenses by \$230,000, then sum the two results. For every job supported by a children's museum's business-to-business expenditures, the same dollar amount the institution spends on staff salaries supports 1.42 regional jobs outside museum walls. The top three industry sectors supported by museum spending are health and social services, retail trade, and real estate and rentals.

Mideast – To calculate regional job impact, a Mideast children's museum would divide salary expenses by \$170,000 and business-to-business operating expenses by \$250,000, then sum the two results. For every job supported by a children's museum's business-to-business expenditures, the same dollar amount the institution spends on staff salaries supports 1.46 regional jobs outside museum walls. The top three industry sectors supported by museum spending are health and social services, retail trade, and accommodation and food services.

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.

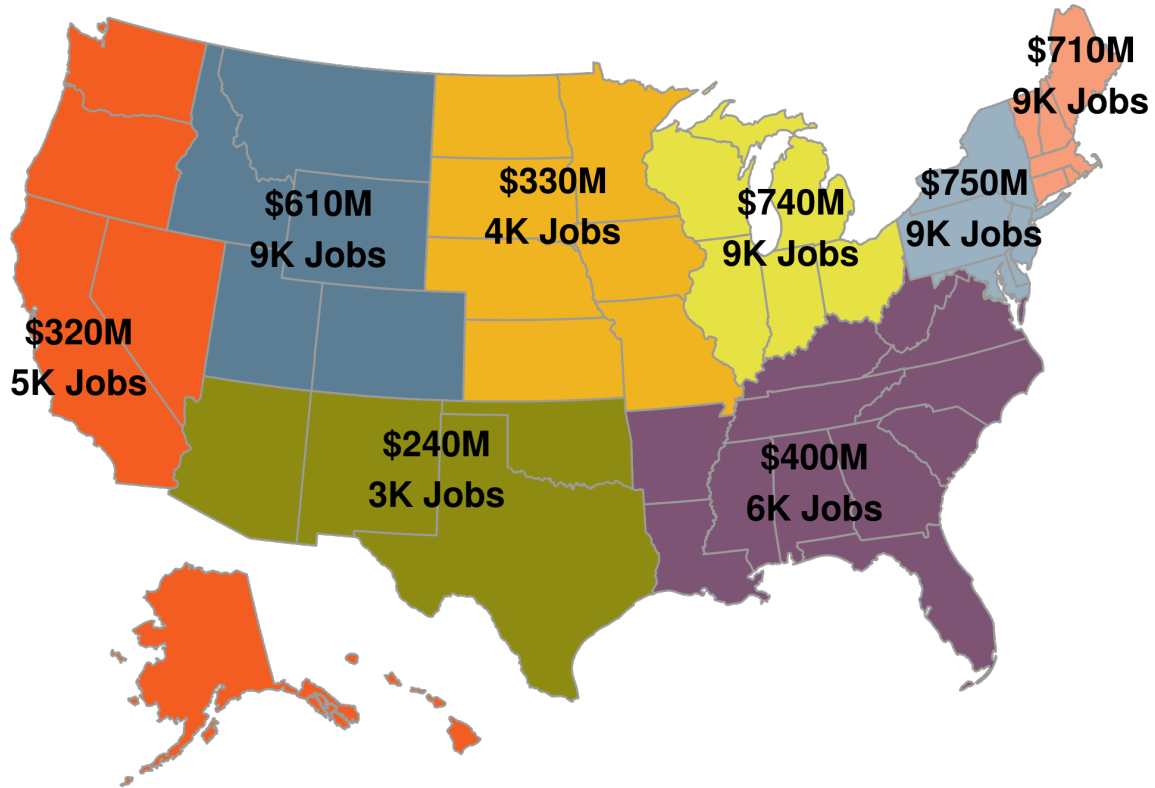


Figure 1. How much children’s museums contribute to economic activity in each region, and the number of jobs supported by children’s museums in each region.

Great Lakes – To calculate regional job impact, a Great Lakes children’s museum would divide salary expenses by \$140,000 and business-to-business operating expenses by \$200,000, then sum the two results. For every job supported by a children’s museum’s business-to-business expenditures, the same dollar amount the institution spends on staff salaries supports 1.45 regional jobs outside museum walls. The top three industry sectors supported by museum spending are health and social services, retail trade, and real estate and rentals.

Plains – To calculate regional job impact, a Plains children’s museum would divide salary expenses by \$140,000 and business-to-business operating expenses by \$240,000, then sum the two results. For every job supported by a children’s museum’s business-to-business expenditures, the same dollar amount the institution spends on staff salaries supports 1.66 regional jobs outside museum walls. The top three industry sectors supported

by museum spending are health and social services, retail trade, and accommodation and food services.

Southeast – To calculate regional job impact, a Southeast children’s museum would divide salary expenses by \$130,000 and business-to-business operating expenses by \$170,000, then sum the two results. For every job supported by a children’s museum’s business-to-business expenditures, the same dollar amount the institution spends on staff salaries supports 1.3 regional jobs outside museum walls. The top three industry sectors supported by museum spending are health and social services, real estate and rentals, and retail trade.

Southwest – To calculate regional job impact, a Southwest children’s museum would divide salary expenses by \$140,000 and business-to-business operating expenses by \$190,000, then sum the two results. For every job supported by a children’s museum’s business-to-business expenditures, the same dollar amount the

institution spends on staff salaries supports 1.3 regional jobs outside museum walls. The top three industry sectors supported by museum spending are health and social services, retail trade, and accommodation and food services.

Rocky Mountain – To calculate regional job impact, a Rocky Mountain children’s museum would divide salary expenses by \$150,000 and business-to-business operating expenses by \$180,000, then sum the two results. For every 1 job supported by a children’s museum’s business-to-business expenditures, the same dollar amount the institution spends on staff salaries supports 1.25 regional jobs outside museum walls. The top three industry sectors supported by museum spending are real estate and rentals, health and social services, and retail trade.

Far West – To calculate regional job impact, a Far West children’s museum would divide salary expenses by \$170,000 and business-to-business operating expenses by \$230,000, then sum the two results. For every job supported by a children’s museum’s business-to-business expenditures, the same dollar amount the institution spends on staff salaries supports 1.35 regional jobs outside museum walls. The top three industry sectors supported by museum spending are health and social services, real estate and rentals, and administrative and waste services.

About This Research

To assess the economic impact of children’s museums, we aggregated data from four sources: Data on the direct economic effects of children’s museum spending come from the 2016 Membership Survey ($n = 113$),

ACM’s Member database ($n = 284$), and from the forms 990 and 990EZ submitted to the Guidestar nonprofit organization database ($n = 489$, of which $n = 312$ were not ACM members). Based on these sources, the direct economic impact of children’s museums was \$1.5 billion in spending, approximately half of which was paid to approximately 35,000 employees, and the other half was paid to vendors and other businesses. For more information on how children’s museums spend money, particularly on personnel, see Trends Report #1.12.

Data on the indirect and induced economic effects come IMPLAN: Economic Impact Analysis software. IMPLAN tracks the spending patterns of 536 industry sectors and those employed in those sectors. The software uses those spending patterns to predict the indirect and induced economic effects of spending in a particular sector. Our analysis uses the predictions for the industry sector that includes museums, historical sites, zoos, and parks. We used children’s museums’ data to understand these institutions’ economic impact.

The industry sectors used by IMPLAN and reported in Table 1 come from the North American Industry Classification System, developed used by the United States Census Bureau (2017).

The eight regions that organize the above data and IMPLAN analyses align with the regions defined by the U.S. Bureau of Economic Analysis in the Department of Commerce.

References

US Census Bureau (2017). North American Industry Classification System. Retrieved from <http://www.census.gov/eos/www/naics/>. Accessed June 14, 2018.

US Department of Commerce, Bureau of Economic Analysis (2004, February 18). BEA Regions. Retrieved from <https://www.bea.gov/regional/docs/regions.cfm>

IMPLAN This Trends report was prepared with the proprietary database developed by IMPLAN Group LLC.



Started in 1962, the Association of Children’s Museums (ACM) is the world’s foremost professional member service organization for the children’s museum field. With more than 400 members in 48 states and 20 countries, we leverage the collective knowledge of children’s museums through convening, sharing, and dissemination.

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The authors are solely responsible for the content in this report.

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