Museums in a Pandemic: Patterns in Fundraising

March 9, 2022

Since May 2020, the ACM Trends Report team has tracked the impacts of the pandemic on children's museums and the field's innovations through survey studies and other data collected by ACM.

This ACM Trends Report presents data from 28 museums that shared information on their donors and funds received by Spring 2021. This includes 147 corporate donations and 119 private foundation donations made to children's museums. Corporate donations were stratified into categories by type of donor. We also collected data on whether the funds were provided as restricted or unrestricted gifts. To understand the pandemic's impact on donations, this information was benchmarked against 2018 fiscal year 990 data. Comprising the most complete data to date, the 2018 fiscal year represents the pre-pandemic fiscal year for all organizations.

Three small museums, 10 medium museums, and 11 large museums provided information on corporate donations received during the pandemic. We also learned about a few extraordinary donations that represented historical commitments to large children's museums, which should not be considered typical of the day-to-day fundraising expectations.

This early assessment of donor type, scale of donation, and comparisons helped us learn how to support comparison between museums irrespective of scale. We normalized the data by comparing the percentage of total income from corporate and private funding received during the 2018 fiscal year to the percentage of total income from corporate and private funding received during the pandemic. This way, we were able to develop clear benchmarking that can be used by all children's museums to consider their relative prospecting success and opportunities in their markets. This report focuses on understanding how to benchmark and set reasonable expectations for donation size as our field emerges from the pandemic.

ACM TRENDS

#4.13

ACM Trends #4.13

An assessment of the 2018 nonprofit tax filings for all ACM member museums showed that an average children's museum receives 47% of total income from donations and gifts. While some museums rely more heavily on donations than others, museum size did not impact total percentage of income from donations.

Museum development teams build an understanding of their local supporters and focus on relationships that can last over time. As a result, many of these gifts may be a function of annual giving unique to each community. This report focuses on whether there are patterns to giving that can help museum leadership set expectations. The context for this study was the COVID-19 pandemic and the 2020 civil rights protests, which caused donors to reconsider their funding priorities.

We explored a snapshot of fundraising results from the 2020 pandemic year to assess how these varied from pre-pandemic times. We also looked at donors by industry to aid in benchmarking anticipated gifts from any representative of the sector, and whether being part of a local, regional, or national brand impacted the size of gifts.

Corporate Donations

Twenty-four museum respondents reported corporate donations received during the pandemic. These donations ranged from $100 to $100,000. Most donations were below $5,000 (Figure 1). Around 2/3 of donations ($n = 98$) were gifted as unrestricted funds, 40 were completely restricted, and six were partially restricted. Larger donations were more likely to have restrictions attached.

ACM Trends Reports

Let's walk through how to read this figure. Each black circle represents an individual donation from a corporation or corporate foundation. The purple line shows the mid-point (median) of the distribution of donations. The orange line represents the average (mean) corporate donation in this dataset. The *mean* is calculated by summing up all the numbers in a dataset and then dividing by the number of values in the dataset. This is different from the *median* which refers to the middle number when a set of numbers is placed in order smallest to largest. Three outlier donations (two of $70,000 and one of $100,000) are not shown in Figure 1 but are included in calculations.
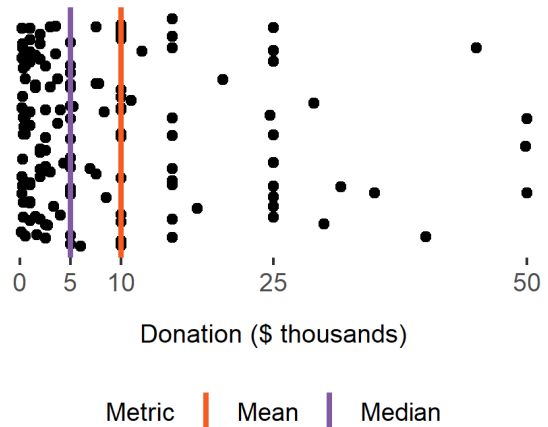

Figure 1. Corporate donations reported by museums.

Because firm size and industry impact corporate giving (Amato & Amato, 2007), we categorized the set of corporate donations by industry and discovered that different-sized corporate donors gave varying gift amounts. To understand how to benchmark these gifts for comparison purposes, we suggest that is more relevant to consider the "median" donation rather than the "mean," as one large donation to one museum can skew the results of the average.

Let's walk through how to read the next pair of figures. Here, the circles represent donations from corporate donors and corporate foundations to children's museums. The purple circles show the median donation for each industry while the orange circles show the mean donation for each industry.
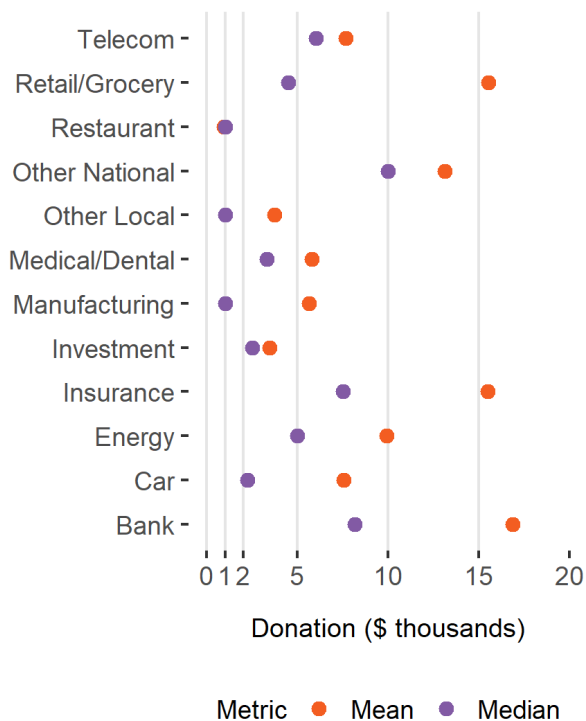
Figure 2. Comparing the mean and median donation to children's museums from corporate donors and corporate foundations.

Putting these Data to Use

Our analysis of this small dataset suggests a few things, but we would need additional data to more fully understand the funding patterns of corporate donors and make recommendations as to how children's museums might approach them. These data suggest that if a museum were to approach an energy company for funding, they might be more likely to succeed if they explain that many children's museums are supported by energy companies at the $5,000 level, but a few energy companies make large gifts that average $10,000.

While this approach may seem to reduce the potential gift, it helps to establish two norms or social expectations for the industry that could benefit children's museums in the long term. Industrial and organizational research has shown that corporate donations are likely to level to match the norms for their industry, but are modified by regional norms across industries (Marquis & Tilcsik, 2016). Presenting funding request in this way may increase willingness of corporate donors to consider small gifts

that were not on their priority list because they wish to represent their corporate citizenship as consistent with industry standards.

We also categorized corporate donations by the service territory. National brands were more likely to donate in the $10,000 range, regional brand gifts were at the $5,000 level, while local businesses hover around $1,000 (Figure 3). As noted, these are early findings, and we will continue to gather additional data in future surveys.
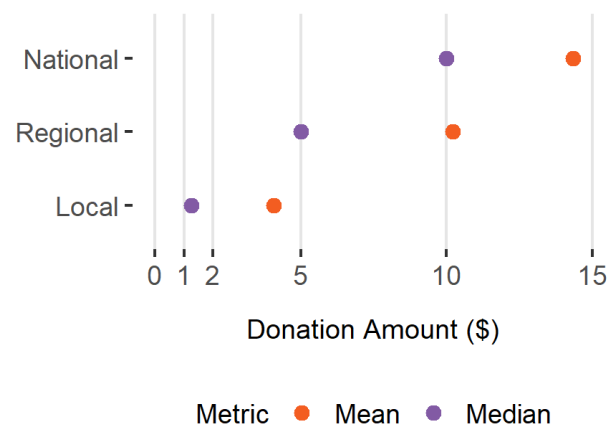

Figure 3. Comparing mean and median donations to children's museums based on corporate reach.

Donations in the Pandemic

The complete corporate funding data represents information from 24 children's museums, a number too small to generalize across the field. A qualitative comparison of these data does suggest that in 2020, larger museums faced more challenges securing donations that matched historic patterns. In our data, medium sized museums fared better than their larger counterparts, but only a few maintained the pre-pandemic pace. Figure 4 presents a picture of 2020 corporate and private donations and the shortfall from 2018. To create the graph. we normalized the 2018 data for every museum to 100%, then divided 2020 funding into three categories and added a fourth representing 2020 donation shortfall compared to 2018. Private philanthropy in 2020 was by-far the most important category for supporting museums at about 3x the value of corporate donations (Figure 4), but still well below pre-pandemic levels of support.
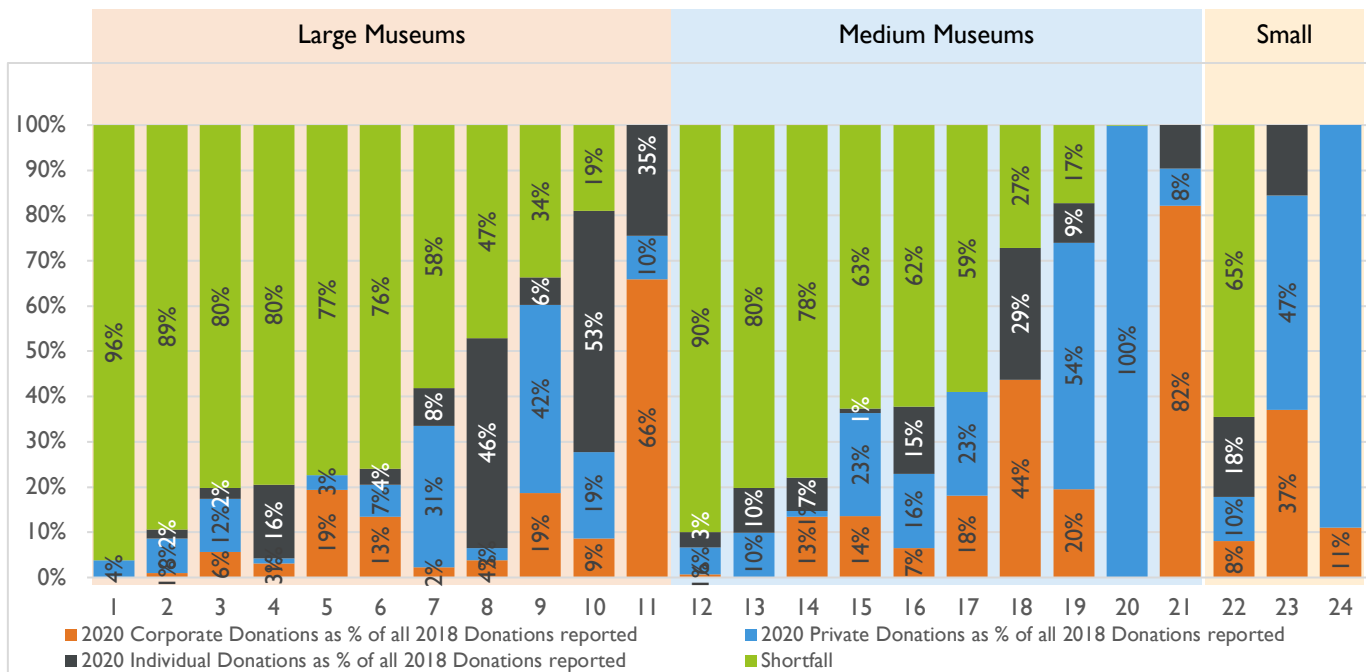
Figure 4. Corporate and Private Donations to Museums as % of all donations reported in 2018.

The Takeaway

Fundraising in the pandemic was vitally important for most children's museums to fill the loss of earned income. As explored in earlier reports in this series, many museums reimagined their operations and services to accommodate fiscal realities, including a recognition that donors were reprioritizing funding. This ACM Trends Report shares data demonstrating useful patterns in fundraising, which can inform how museums can leverage industry norms to launch new requests to local, regional, and national corporations. However, more data needs to be collected to pain the full picture of corporate and private giving. In this report, we also normalized data by museum size to allow for comparisons irrespective of scale, while still allowing us to understand how scale will continue to influence public support for children's museum funding.

About This Research

The data used in this report came from an online survey that ACM sent to US-based children's museums, and the 990 public tax filings of all U.S. children's museums who are members of ACM.

References

Amato, L. H., & Amato, C. H. (2007). The effects of firm size and industry on corporate giving. *Journal of Business Ethics*, 72(3), 229-241.

Flinner, K., Voiklis, J., Field, S., Thomas, U.G, Attaway, E., & Gupta, R. (2021). *Museums in a Pandemic: Diversifying Funding Streams.* ACM Trends 4(7). Knology & Association of Children's Museums.

Marquis, C., & Tilcsik, A. (2016). Institutional equivalence: How industry and community peers influence corporate philanthropy. *Organization Science*, 27(5), 1325-1341.