



Museums in a Pandemic: Financial Impacts by Mid-May 2020

July 1, 2020

In March 2020, it became clear that the COVID-19 pandemic would have a deep and lasting impact on the museum field. The ACM Trends Reports team investigated the effects on children's museums with a special survey in mid-May 2020. Overall, 109 US-based children's museums and six non-US museums were represented in the survey responses.

The data provides a snapshot of the field in the early stages of navigating financial sustainability in the face of a global crisis. We compared the COVID-19 survey data to information we've collected in the past about museum size – specifically, 2016 institutional data adjusted for inflation. This Trends Report can inform the steps that museum leaders take as the effects of the pandemic continue to ripple across systems and people that make up the field. In particular, this information can help leaders advocate for support from funders and policymakers. Future reports in this volume will examine other topics, such as staffing and engagement with audiences.

This Trends Report shows that relief funding through the US Small Business Administration's Paycheck Protection Program (PPP) was an essential support tool for children's museums early in the pandemic. Overall, PPP and other relief funds helped cover the majority of Small museums' general expenses. Medium museums, on the other hand, were able to cover a much smaller portion of their overall expenses with relief funds, and will require other sources of funding. Large museums did somewhat better than Medium institutions but still need additional support, with reported funding covering about half of overall expenses.

ACM TRENDS

#4.2



Figure 1. Number of US children’s museums that requested and received different types of relief funds.

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In March, April, and May 2020, children’s museums applied for relief funds from federal, state, and private funders. Some of these sources were based on the Coronavirus Aid, Relief, and Economic Security (CARES) Act that went into effect in the US on March 27, 2020. Other sources are based on separate funds. The following findings focus on US museums, unless otherwise noted.

Overall, museums most commonly applied for and received funds from the Paycheck Protection Program. Of the 109 children’s museums participating in the survey, 101 requested PPP funding and 95 received it. At the time of the survey, this funding program was designed to keep employees on the payroll for eight weeks, and could be

used for payroll, rent, mortgage interest, or utilities.

Another program of the US Small Business Administration, the Economic Injury Disaster Loan (EIDL) program, provided loans and advances to 22 participating children’s museums, out of 39 that requested these funds. There have been reports of delays in processing EIDL applications, which may explain the gap between requested and awarded funds.

Private foundations proved to be a substantial source of relief funding for children’s museums. Half of the participating museums ($n = 55$) applied to private foundations for funds, and 34 received support. Three children’s museums outside of the US reported applying for and receiving funding from private sources.

About one-third of participating children’s museums applied for funding from state arts and humanities councils, which received funds from the National Endowment for the Arts and the National Endowment for the Humanities through the CARES Act. At the time of the survey, many of these grants had not yet been awarded.

Experimenting with Funding Sources

Participating museums also reported experimenting with other forms of financial relief fundraising. These strategies appeared to vary across size categories. Medium and

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.

Large museums most commonly sought donations through appeals to corporate funders, members, boards, and other sources. These institutions also described creating fundraising events and activities like galas and fund drives, as well as online campaigns. Some institutions, primarily Medium museums, also tried to generate revenue through selling products (e.g., online gift shops). Small museums tried to raise money through donations and revising their existing funds. Medium and Large museums revised existing funds as well, which included accelerating annual gifts, reallocating funds, and tapping into reserve funds. Seventeen museums, across all sizes, reported doing Giving Tuesday Now campaigns. Two museums indicated they were using their physical space to generate supplemental revenue. As some museums tried to raise funds, others engaged in fiscally conservative strategies such as postponing capital projects and cutting non-essential spending. Some reorganized staffing, which we'll examine in a future ACM Trends Report.

Of the 109 surveyed museums, only one Large museum received financial support from insurance, under a disaster relief policy.

Size & Amount of Relief Funding

Museum size predicted the amount of funding received, as well as the proportion of expenses covered by that funding. Relief funds appeared to be commensurate with the size of participating children's museums, with Small museums receiving the smallest amounts, and so on. However, there's a different story when we compare the amount of relief funds to the proportion of expenses that those funds could potentially cover.

According to Table I, Small museums were most likely to have a majority of their expenses offset by relief funds. Medium museums had the lowest rate of offsetting expenses with relief funds, with only 36% of quarterly overall expenses covered. Large museums did somewhat better, with 45% of their quarterly general expenses offset by relief funds.

National Industry Trends in Funding

We assessed how relief funding for the children's museums field compared to national statistics for the leisure industry. As of the time of the survey in May 2020, PPP funding was the most commonly received financial relief. At that point in time, the Small Business Administration had provided a total of \$7.6B to the arts, entertainment, and recreation industry, of which museums are a part (Small Business Administration, 2020). The average institution in this industry received \$73,100 in PPP loans. Children's museums participating in the survey had received a comparable amount, with an average of \$78,750 in PPP relief funds.

The Takeaway

As the pandemic continues to shift the landscape, children's museums will need to fundraise and experiment with new funding sources. Two federal sources were generally supportive to the field – PPP and EIDL – and private funds provided a substantial amount of support as of mid-May. We anticipate that other sources will prove useful to children's museums as we continue to monitor financial impacts of the pandemic.

Table I. Proportion of expenses offset by relief funds.

Size	Number of Museums Funded	Median Relief Funding Received	Proportion of Quarterly Labor Expenses Offset	Proportion of Quarterly Overall Expenses Offset
Small	12	\$30,500	99%	67%
Medium	47	\$57,700	84%	36%
Large	34	\$520,000	93%	45%

Some museums have been successful with attempts to increase revenue through selling products, using their facilities for novel purposes, and collaborations. These approaches may become more important as time goes on, and institutions might consider new ways of meeting their stakeholders' needs. While this work may not always build revenue, it will support children's museums' missions of service to their communities and may help them make the case for new funding from other sources.

Leaders should take their institution's size into account when they consider how and where to fundraise. Medium and Large museums can appeal to funders by highlighting the lack of coverage for expenses in early rounds of funding.

About This Research

Data for this report was collected by an online survey distributed by ACM through an email invitation to children's museums worldwide. The survey was open between May 7 and 18, 2020. Overall, 109 US-based children's museums and six non-US museums contributed to the dataset. All participating US museums were currently ACM member institutions, representing 36% of membership.

Our analysis used the size categories of Small, Medium, Large, which were originally presented in ACM Trends Reports #1.1 and #1.7. We use these categories to frame our analysis for many reports in the ACM Trends series because institutional size predicts a range of outcomes for children's museums. Participating museums in the May 2020 survey were roughly representative of the size categories.

The survey asked about a range of relief funding sources that children's museums had pursued. Figure 1 presents the current results for those sources that had disbursed funds at the time of the survey. We will continue to track this information over time.

For the information about experimenting with funding, a researcher reviewed open-ended responses from the survey and coded themes in an iterative process to summarize the data. The initial coding process produced a large number of codes, and subsequent coding led to aggregated and more meaningful themes related to new approaches to fundraising.

For Table 1, we combined all types of funding, even though some funds had restrictions on how they could be used. The survey did not seek detail on restrictions, so a combined approach provided a general sense of the funding received, compared to the expenses that could be offset. Median quarterly expenses for each museum size were taken from 2016 ACM data and adjusted for inflation.

References

U.S. Small Business Administration. (2020). Paycheck Protection Program (PPP) Report: Approvals through 5/30/2020. U.S. Small Business Administration. https://www.sba.gov/sites/default/files/2020-06/PPP_Report_200530-508.pdf

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This study was made possible in part by the Institute of Museum and Library Services

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Knology Publication #IML.145.568.02

Recommended Citation:

Flinner, K., Voiklis, J., Field, S., Attaway, E., Gupta, R., & Fraser, J. (2020). *Museums in a Pandemic: Financial Impacts*. ACM Trends 4(2). New York: Knology & Association of Children's Museums.