

Museums in a Pandemic: Diversifying Funding Streams

February 8, 2021

Since spring 2020, the ACM Trends Reports team has studied the effects of the COVID-19 pandemic on children's museums. The results illustrate the ways children's museums have adapted to financial challenges resulting from the COVID-19 pandemic. Specifically, this Trends Report, the seventh in this volume, covers the variety of multifaceted approaches to finding funding sources that museums have adopted as the pandemic has continued, and their success with these methods.

Overall, 96 US-based children's museums participated in the fall 2020 survey. The data showed that most institutions that applied for funding from federal financial relief programs were successful, and that these funds covered some portion of their expenses. Children's museums also explored other avenues for raising funds, including from private sources – foundations, corporations, and individual donors. We found that private funders are key to bridging funding gaps in the field. Children's museums also adopted entrepreneurial strategies, such as renting out facilities for community programming including public health events and voter registrations.

The financial impacts of the pandemic on the museum field are likely to persist for some time. However, the findings in this report show that children's museums are increasingly resourceful as they seek stability in lean times.

ACM TRENDS

#4.7

ACM Trends #4.7

In spring 2020, children’s museums were in the early stages of navigating the financial strain caused by the pandemic. At that time, the federal Paycheck Protection Program (PPP), established by the CARES Act, was in the process of distributing funds to museums and other types of businesses. As we reported in ACM Trends Report #4.2, small museums were most likely to be able to use relief funds to cover the bulk of their expenses, while medium museums were the least likely to have enough relief funds to offset their expenses. A little less than half of large museums used relief funds to cover expenses.

A second round of stimulus funding, planned for spring 2021, brings potential opportunities for new funding from the federal government. The museum community is currently awaiting guidance on accessing these opportunities. Although government funding has helped support children’s museums during the pandemic, there are still gaps. Donations from corporations, private foundations, and individuals are helping to pick up the slack. Evidence from both surveys suggests that in 2020, children’s museums pursued these other funding avenues, with mixed results. By the fall, museums had gained more clarity about their financial picture, though the funding climate remains uncertain. Also, museums took a multifaceted approach to fundraising, with institutions reporting they pursued an average of four sources for pandemic relief funding (including federal funds). This report presents data from 96 museums that participated in the survey, representing all sizes unless noted otherwise.

Government Funding Requests & Successes

Most institutions had success with government funding. The most reliable sources for support included PPP, state and local governments, Economic Injury Disaster Loans (EIDL), and State Councils. Some agencies and programs have remained less lucrative for museums. Relatively few museums applied to grants from the Institute of Museum and Library Services, the National Endowment for the Humanities, and the National Endowment for the Arts. Of those that applied, less than a quarter received grants. Of the two museums that applied for the Federal Reserve’s Main Street Nonprofit Loans, only one received support.

Children’s museums reported receiving between a total of \$17,500 and \$3.7 million from government agencies. To date, the average total amount of government funds to museums participating in the survey was \$205,000.

Private Funders: Filling Gaps

In spring 2020, museums reported having success with private funders, which increased through fall 2020. Out of 96 museums, 77 approached private funders since the beginning of the pandemic and all but two have received support of some kind. Museums approached different types of private funders – foundations, corporations, and individual donors (see Figure 1).

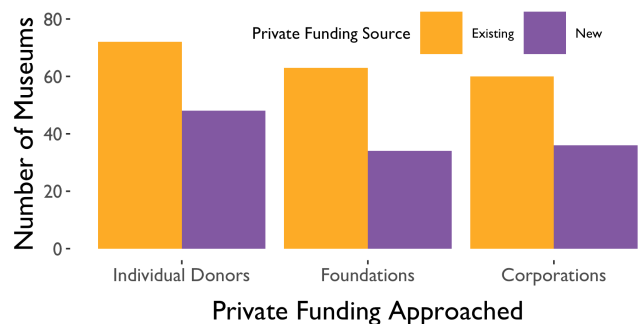


Figure 1. New and existing private funders approached by children’s museums.

They most often appealed to funders they had previously existing relationships with, and half approached new private funders as well. Seeking new private funders did not significantly increase the amount that children’s museums raised overall. Our survey did not specifically ask for breakdown of funding by new and existing private

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.

funders, nor how many appeals for funding each museum made within these categories.

All museums which sought private funding reached out to at least one category – corporate, foundation, or individual – of existing funders. Out of 77 museums, 56 also sought private funding from at least one new source.

These efforts have been worth it. Across the children’s museum field, private funders have provided 25% of reported COVID-19 financial relief. For individual institutions, funding amounts ranged widely, from \$600 to \$1.5 million. To date, the average amount museums reported receiving from private funders was \$50,000, which may include support from multiple private sources for some institutions.

Entrepreneurial Strategies

Museums tried a host of strategies to gain financial stability, in addition to securing funding from government and private sources. The field is still trying to understand what works, and we are gaining a clearer picture of the opportunities available for children’s museums.

Of the respondents, 80 museums described additional fundraising strategies, which included some typical efforts and re-imagined approaches to conventional museum fundraising. About half of these institutions hosted fundraisers or campaigns. These activities included online and email campaigns, a virtual gala, as well as campaigns focusing on raising capital and supporting relief. A third of museums revised existing funds.

The museum field has long reflected on the value of partnerships. In the pandemic, this topic continues to be important. As children’s museums have experimented with opening their doors to in-person visits or investing in virtual services for their communities, some have also offered their spaces for alternative purposes. These activities primarily consist of programs with community or service organizations, local governments, and schools. Community programs hosted in museum facilities covered range of local needs and services, such as blood drives, English classes for adults, meetings of service or volunteering clubs, local Boys & Girls Clubs, parent support groups, support activities for adults with

dementia, health-focused activities, and voter registration. For schools, museums provided space and other resources for virtual schooling pods, learning assistance programs, camps, e-learning, tutoring, labs, and classrooms sites themselves. Out of 95 museums, 17 said they generated revenue through hosting activities in their facilities. All who obtained income reported partnerships with schools, and some also reported collaborations with other organizations or local governments.

Partnerships appear to be associated with funding. There is a moderate correlation between the number of partners that museums mentioned and the different types of new private funders they petitioned. Museums that did not approach new private funders had an average of two partners, whereas those making requests to new funders had double the number of partners. Although we do not know if partnerships made funders more likely to offer support, we know that private funders are an increasingly important source of financial support for the field.

What Does Funding Cover?

Children’s museums continue to make strides in funding, but there are still challenges. Below, we summarized trends we observed in common financial measures.

Total Income — Based on data from 59 museums for the period of March through August 2020, three-quarters of institutions were operating at less than 59% of their 2019 income level.

Total Expenses — Based on information for 59 museums for the period of March through August 2020, three-quarters of institutions’ expenses were at least 65% of their 2019 expenses, or higher.

Income to Expense Ratio — Based on data from 60 institutions, three-quarters of museums had an income to expenses ratio lower than 87% from March to August 2020. So, for every dollar that these museums spent, they earned 86 cents or less in 2020. By comparison, three-quarters of museums made more than 92 cents for every dollar they spent in the same period of 2019. This means that additional expenditures in 2020 on items like Personal Protection Equipment (PPE) are even more of a stretch for many museums.

The American Alliance of Museums conducted a survey of the museum field in October 2020, which provides additional context. On average, responding museums lost \$850,000 as a result of the pandemic. On average, they anticipated losing about 35% of their budgeted operating incomes in 2020, and 28% of their normal operating income in 2021 (AAM & Wilkening Consulting, 2020).

The Takeaway

The pandemic and its resulting financial uncertainty have proven to be a challenge for museums everywhere. But data from the first nine months of this new climate shows that children's museums are capable of adapting their fundraising to rise to the occasion. Museums have successfully gained financial relief from a variety of governmental sources. Where government grants and earned income have fallen short, institutions have increasingly filled the gaps with funding from private donors, corporations, and foundations.

It is clear that diversifying funding sources continues to be an important strategy. The more types of funders an institution approaches, the more likely they are to gain support from different sources, and the more financially stable the museum will be. This idea has long been a part of nonprofit financing, and the pandemic has underscored the importance of a diversified approach. But many museums lack the capacity to pursue a wider pool of funders. This is where partnerships can play an important role. Developing partnerships requires an ongoing investment of time. But they also help organizations pool resources including network connections, staff capacity, and fundraising skills.

When making funding appeals – whether independently or in partnership – children's museums should consider the value they bring to their community. If a children's

museum were to disappear, what vital services would the community lose? Leaders can reflect on the services their institution uniquely provides. Equally important are the ways that children's museums complement other community organizations.

About This Research

Data for this report was collected by an online survey that ACM distributed through an email invitation to children's museums in the US. The survey was open between September 24 and October 18, 2020. Overall, 96 museums responded to at least part of the survey, and not all museums answered every question in the survey. Researchers kept all responses that met a minimum threshold of questions answered. All participating museums are US-based ACM member institutions, representing 40% of membership. These museums represent all size categories, though only 7 Small museums participated.

Researchers conducted qualitative and quantitative analysis on the survey data. A researcher reviewed open-ended responses from the survey and coded themes in an iterative process to summarize information on partnerships with non-museum organizations. The initial coding process produced a large number of codes, and subsequent coding led to aggregated and more meaningful themes. Responses were consistent across size categories, unless otherwise noted.

References

AAM & Wilkening Consulting. (2020). National Snapshot of COVID-19 Impact on United States Museums: October 15-18. Retrieved from: <https://www.aam-us.org/wp-content/uploads/2020/11/AAMCOVID-19SnapshotSurvey-1.pdf>

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 460 members in 50 states and 19 countries, we leverage the collective knowledge of children's museums through convening, sharing, and dissemination.

Knology is a nonprofit that produces practical social science for a better world. Since 2012, the collective of scientists, writers, and educators has been dedicated to studying and untangling complex social issues.



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

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Knology Publication #IML.145.568.07

Recommended Citation:

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.