American Alliance of Museums

America's Museums Reflect Slow Economic Recovery in 2012

For four straight years (2009-2012), increasing numbers of Americans have turned to the nation's museums for education, entertainment and enlightenment in the shadow of persistent economic uncertainties. According to annual surveys conducted by the American Alliance of Museums since the start of the Great Recession, museums served more visitors throughout this period even while their operating budgets stagnated or declined. In 2012, however, the museum sector demonstrated a slow, uneven but notable improvement in economic conditions — and museum leaders are cautiously optimistic about the future. As one hopeful museum director explained, **"we endured cuts ... [but] the tide seems to have turned."**

Here are key findings from the latest *Annual Condition of Museums and the Economy* (ACME) survey:

Museum attendance continued to grow in 2012...

American museums **served more visitors in 2012 than the year before**. A majority of museums in the survey (52%) reported increases in annual onsite attendance—in some cases, a boost of 20% or more—while just 28% experienced declining attendance; the rest maintained a steady level of visitors. This is the fourth year in a row that a majority of museums reported increasing annual attendance. [**Figure 1**]

The **average increase in museum attendance in 2012 was 4.3%,** which includes museums that had *fewer* visitors than the year before. This is based on museums that provided detailed attendance numbers for both years. Without a reliable count for the total number of museums in the United States, however, it's not possible to extrapolate from these average results to a total number of museum visits.

The largest museums in the survey (with operating budgets of $11 million or more) were the most likely to gain visitors, but museums in the next smallest budget category ($4–$11 million) were the most likely to *lose* visitors, so it is **hard to generalize about the**

relationship between size and attendance in 2012. Nor did the presence or absence of a general admission fee have much impact on attendance growth in 2012. [**Figure 2**] This is a notable change from the past few years, when museums with admission fees were less likely to experience attendance growth than free museums—and it may be a sign that Americans were finally willing to devote more disposable income to entertainment and education in 2012. The **median price** of an adult general admission ticket remained the same as it was in 2009–2011 (still just $7.00), while 37% of museums remained free at all times or had suggested admission fees only. **Nearly all museums (92%) were free to the public on at least some occasions.**

> *The constant refrain that museum leaders used to explain increases in attendance: "better exhibits and marketing."*

Regionally, museums in New England were the most likely to gain visitors while museums in the mid-Atlantic states were the most likely to lose visitors (thanks, in large part, to Hurricane Sandy and other unusual weather events). Yet **attendance patterns were also shaped by local economic conditions** at a smaller scale, too subtle to be captured in the aggregate regional data but very clear in the comments provided by survey respondents. Several boasted of local economic booms tied to specific industries—and then reported robust gains in attendance and/or revenues at their institutions. But as the director of a mid-sized museum in the Rust Belt countered, "our perception is that people [in the community] are being extremely cautious in their discretionary spending ... [and have] extremely low confidence in the economy"; his museum saw fewer visitors and less revenue in 2012 than the year before.

But museums still felt stressed by the economy

More than 67% of museums reported **economic stress at their institutions** in 2012, ranging from *moderate* (44%) to *severe* (15%) to *very severe* (9%) – with very severe stress defined as "the very worst I have seen in at least 5 years." [**Figure 3**] This is the lowest level of reported stress since the ACME survey began in 2009, reflecting a small improvement in economic conditions but **also the comparative awfulness of conditions in 2009**; as one museum director succinctly put it, "2012 was a good year for us. 2009 was one of the worst years." [**Figure 4**]

The economic stress in 2012 was greatest in New England and the mid-Atlantic states, where 70% and 73% of museums respectively reported at least moderate levels of stress. The stress was mildest in the far West, where 31% of museums reported minimal or no stress at all. The largest museums in the survey, with operating budgets in excess of $11 million, reported the least economic stress (43% said minimal or no stress at all), while museums with budgets below $250,000 were most likely to report severe or very severe stress (37%). There were no discernible patterns of economic stress by museum type or discipline.

Government support trickled; other income streams grew stronger

In 2012, for the first time in four years, **more museums reported an annual increase in total revenues than a decrease** in total revenues (46% vs. 27%). [**Figure 5**] Because this is a year-over-year comparison only, however, it means that many museums—perhaps most of them—are still struggling to return to the revenue levels of 2007 or 2008.

In every revenue category except one, museums were more likely to report an increase in funding instead of a drop. Membership fees, investments and private donations were especially likely to grow in 2012—though fewer than half of museums actually experienced growth in these areas and many were satisfied just to maintain revenues at 2011 levels. As several museum directors noted, "fundraising continues to be very difficult." Even those who experienced notable increases in donations last year argued that philanthropic support has become less predictable. Corporate support is especially uncertain, one explained, and "cannot be planned or anticipated with any accuracy." Other museum leaders focused on systematic (and perhaps permanent) changes to the philanthropic landscape: "The reality is, the pie is shrinking and the competition for finite resources is increasing."

> *"There are limits to what can be raised privately to offset the losses [in government support] in a time of economic stress."*

The exception to the modest revenue revival was support from government at all levels, which continued to drop: **just 14% of museums reported increases in government support** versus declining support at 35% of museums. This was on top of widespread declines in government support in 2009, 2010 and 2011.

Belt-tightening: still on the agenda

As one museum director noted, "We had a balanced budget [in 2012] but only because of reductions in pay and benefits for staff and a reduction in programming for the public."

Indeed, museums adopted a variety of budget-saving measures to meet their economic challenges in 2012, with deferred maintenance (reported by 23% of museums in the survey), relying more on volunteers (20%) and relying more on their own collections for exhibitions (18%) as the most common strategies. [**Table 1**] Overall, however, **fewer museums resorted to extraordinary belt-tightening measures in 2012** than they did in 2010 or 2011, and they were much less likely to freeze hiring, lay off staff, reduce staff benefits or outsource museum operations. (Of course, this does not necessarily mean that museums have started to catch up on the deferred maintenance and human capital losses of the previous several years.)

Economic difficulties also spurred **increased attention to strategic planning** in 2012, with 34% of museums reporting a change in strategic plans (including the creation of a new strategic plan) to "reflect changes in economic conditions." Museums that experienced moderate to severe economic stress were twice as likely to engage in this kind of strategic planning.

Museum leaders are mildly, not wildly, optimistic about 2013

> *"5 tough years with some slight improvement on the horizon."*

Nearly half of museums (45%) **entered 2013 with larger budgets** than the previous year and another third (32%) maintained their operating budgets at 2012 levels. [**Figure 6**] As we wrote in our report on *last year's* ACME survey, perhaps prematurely, this "does not necessarily mean a return to pre-recession levels ... but it strongly suggests a swing towards economic recovery for the nation's museums." This year we have more evidence of economic recovery and a firmer basis for museum leaders' optimism about the future, with 30% saying that **2013 will be better or much better economically for their museums** and just 10% predicting worse times ahead. "We are on a gentle upswing," one explained, and another added that "a recovering economy [has] stimulated an increase in both public and private support." Others looked back on four or five years of belt-tightening with a renewed sense of determination: "We are still far from where we were prior to the downturn, but are in a sustainable position."

But for many respondents, any optimism was tempered by the slow pace and incomplete scope of the recovery in 2012. "We have been weathering this 'economic storm' since 2008 and realized last year that we had done all we could except tread water," explained one weary museum director. Another worried aloud that "the real impact of the economy on our institution will [only] be felt in 2013 and 2014."

About the survey

The Annual Condition of Museums in the Economy survey was conducted online between January 28 and February 13, 2013. Invitations were sent to approximately 2,130 institutional members of the American Alliance of Museums, representing a cross-section of all museums in the United States, including art museums, children's museums, history museums and sites, zoos and aquariums, science and technology museums, public gardens, etc. Responses were received from 347 institutions; in most cases, the survey was completed by the museum's director, chief financial officer, or other senior administrator. Results have a margin of error of approximately ±5% for the entire population of U.S. museums.

About the American Alliance of Museums

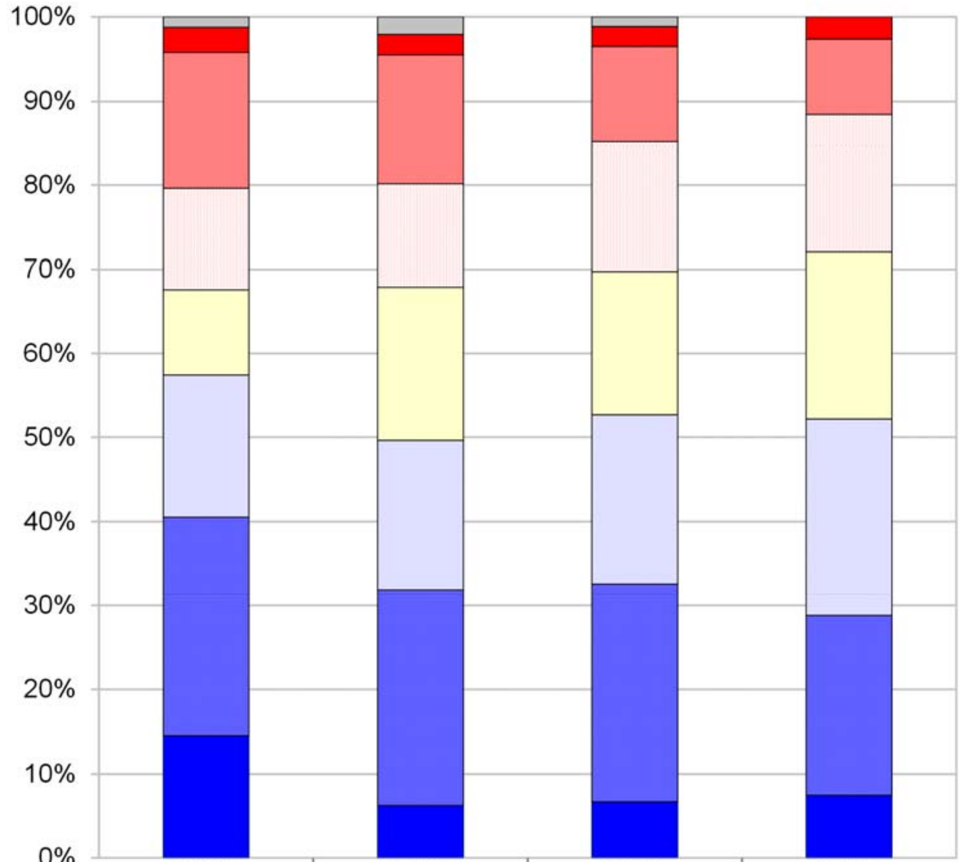
The American Alliance of Museums' mission is to nurture excellence in museums through advocacy and service. The Alliance has brought museums together since 1906, helping to develop standards and best practices, gathering and sharing knowledge, and providing advocacy on issues of concern to the entire museum community. With more than 21,000 individual, institutional and corporate members, the Alliance is dedicated to ensuring that museums remain a vital part of the American landscape, connecting people with the greatest achievements of the human experience, past, present and future. For more information, visit www.aam-us.org.

For more information about this report

Contact Philip M. Katz at pkatz@aam-us.org or 202.289.1818. Previous reports in this annual series can be found at www.aam-us.org/resources/research.

Figure 1

Reported annual changes in museum attendance (2009-2012)



	2009	2010	2011	2012
Don't know	1.2%	2.1%	1.2%	0.0%
Sizable decrease (>20%)	2.9%	2.3%	2.3%	2.6%
Significant decrease (5%-20%)	16.2%	15.4%	11.3%	8.9%
Small decrease (<5%)	12.1%	12.3%	15.5%	16.4%
No appreciable change	10.2%	18.3%	17.1%	19.9%
Small increase (<5%)	16.8%	17.8%	20.1%	23.3%
Significant increase (5%-20%)	26.0%	25.6%	25.9%	21.3%
Sizable increase in total attendance (>20%)	14.6%	6.3%	6.7%	7.5%

Source: American Alliance of Museums

Figure 2

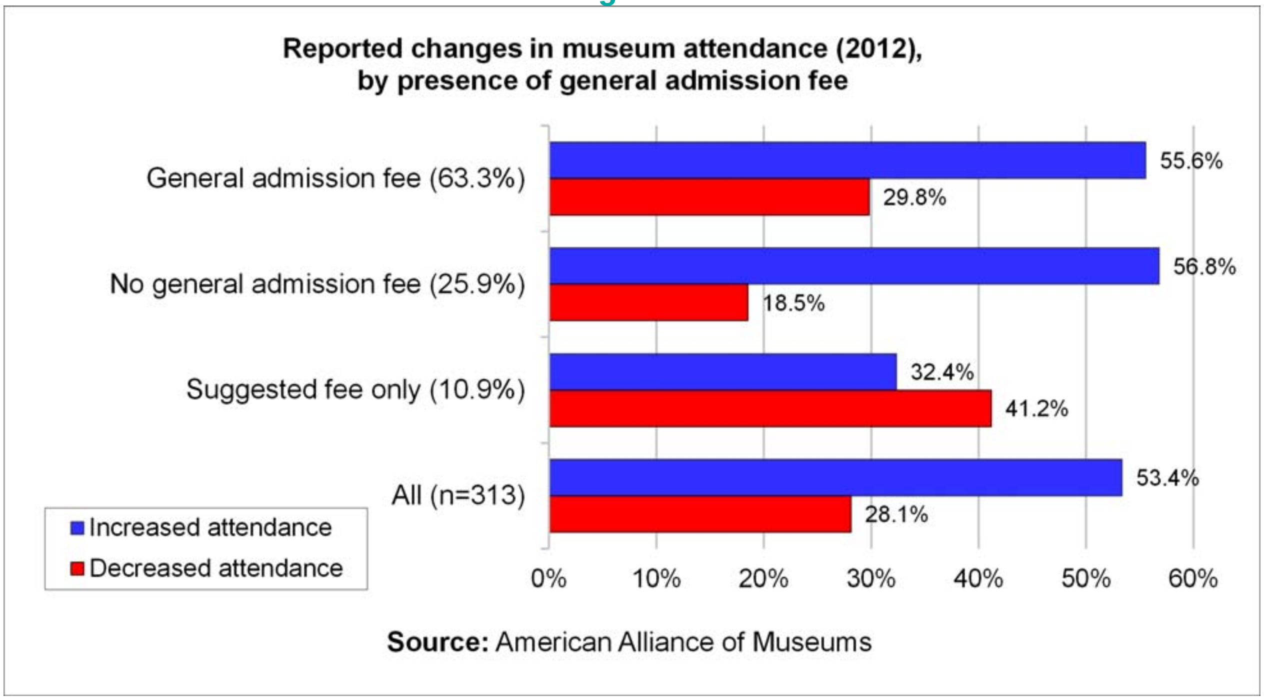


Figure 3

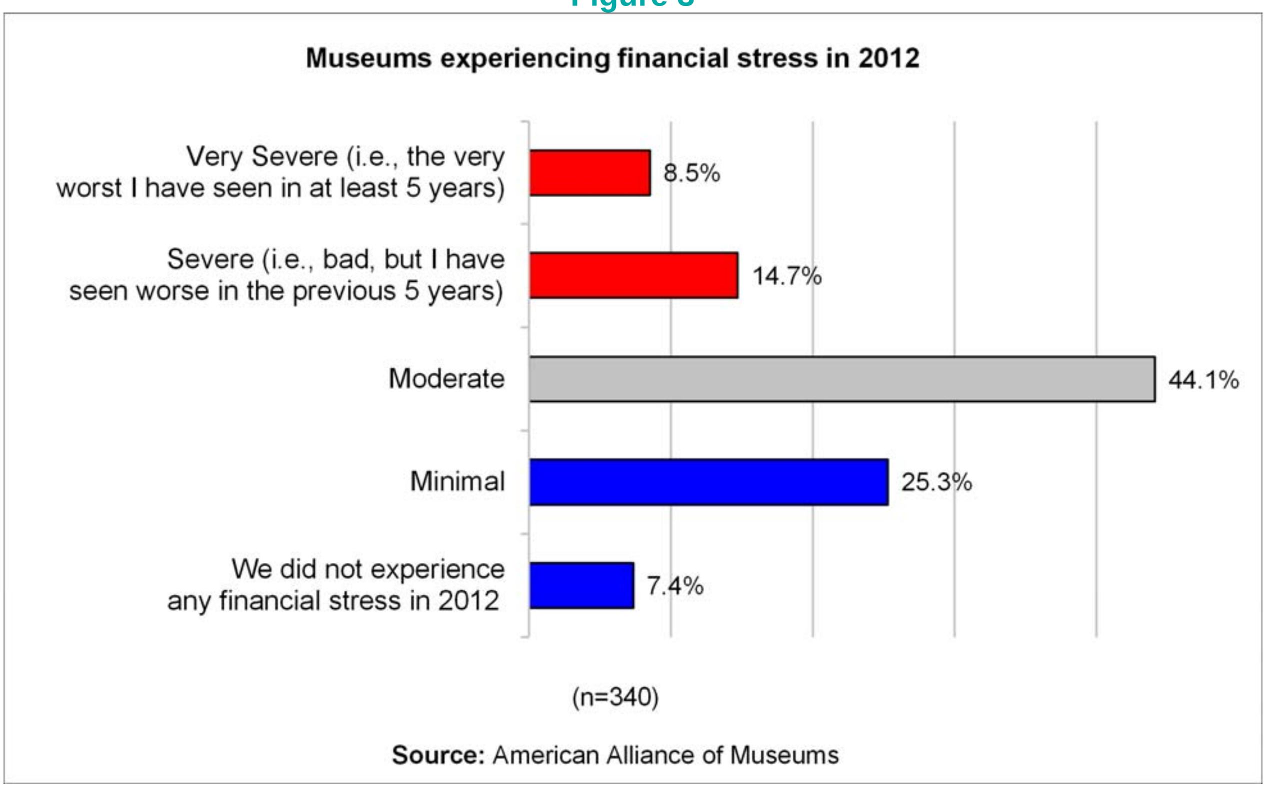


Figure 4

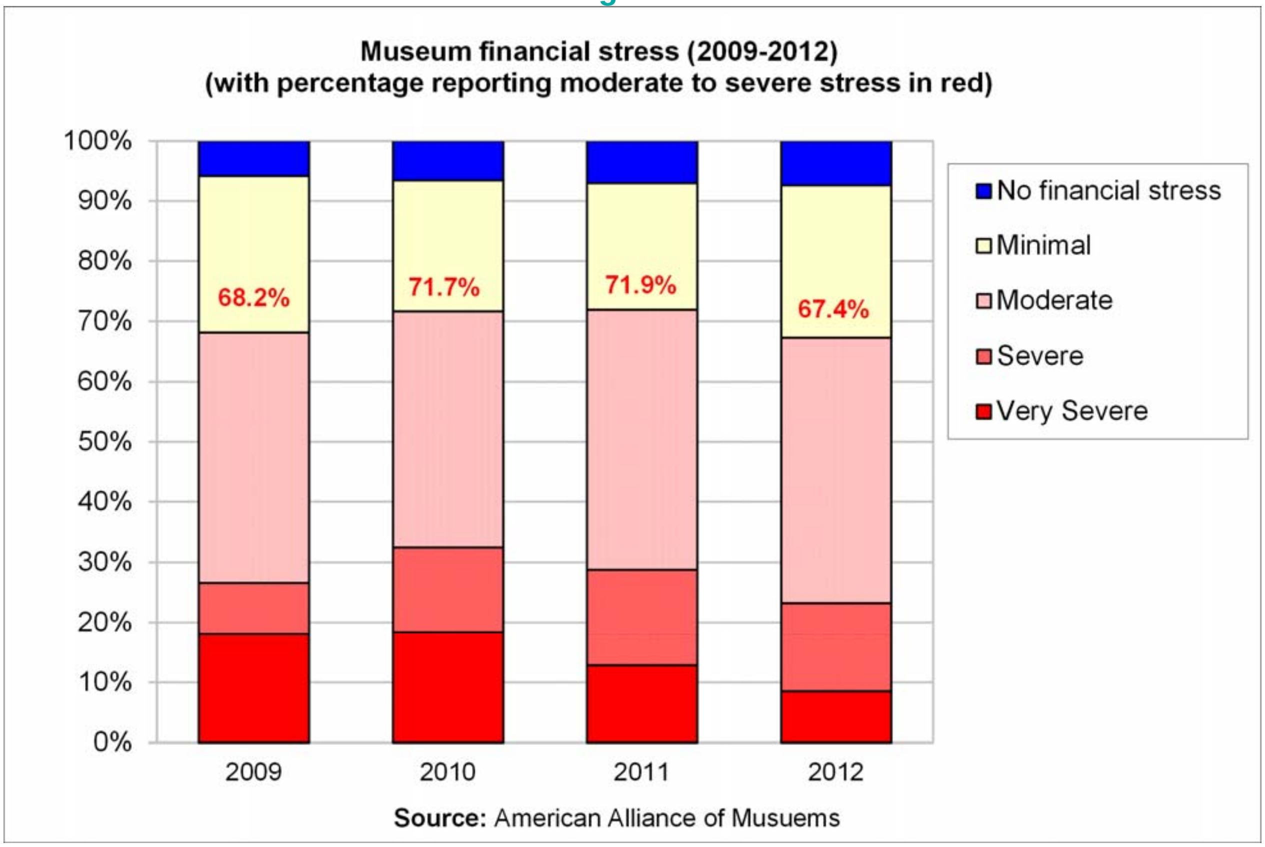

Museum financial stress (2009-2012)
(with percentage reporting moderate to severe stress in red)
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
68.2%
71.7%
71.9%
67.4%
2009
2010
2011
2012
No financial stress
Minimal
Moderate
Severe
Very Severe
Source: American Alliance of Musuems

Figure 5

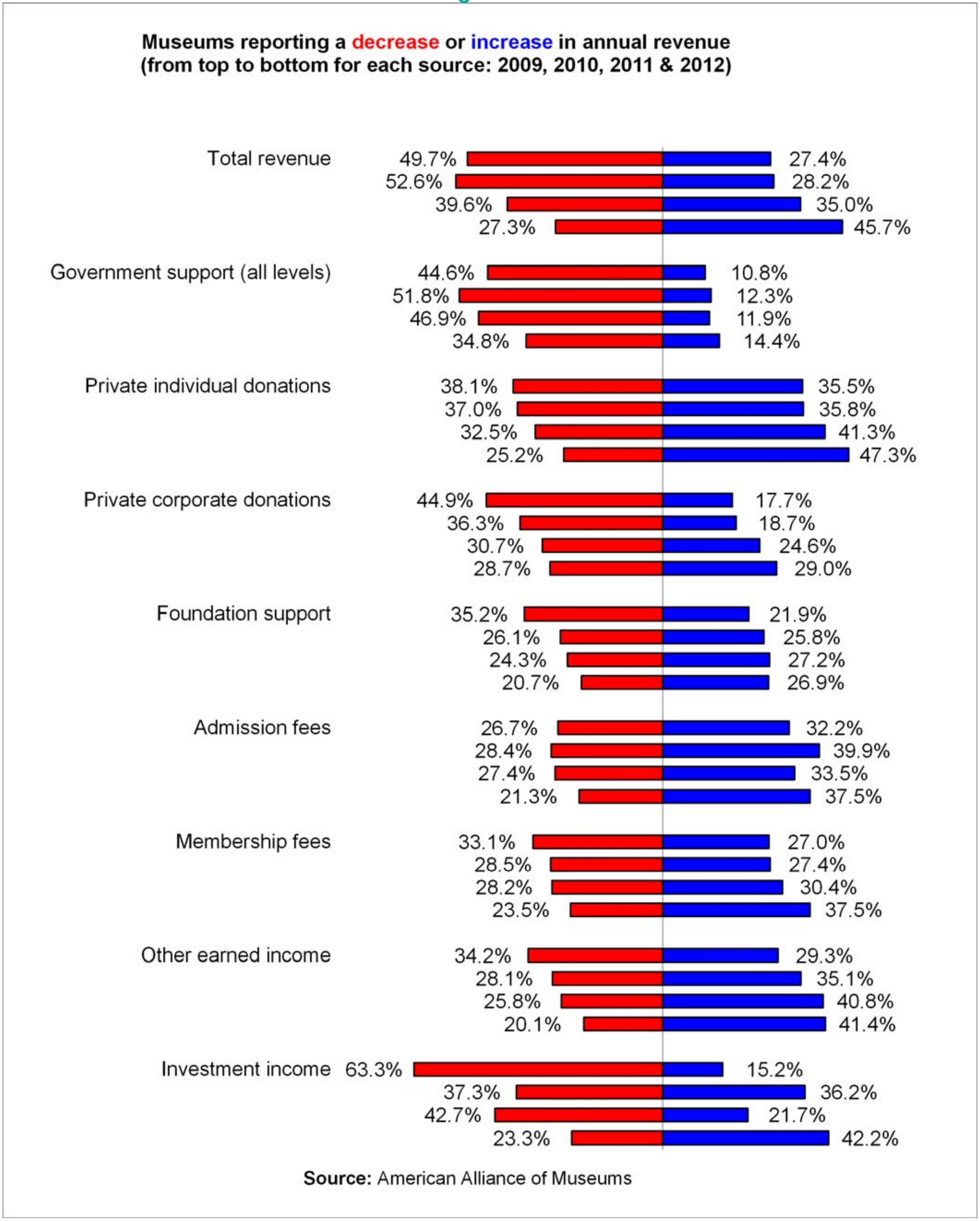

Museums reporting a decrease or increase in annual revenue
(from top to bottom for each source: 2009, 2010, 2011 & 2012)
Total revenue
49.7% 27.4%
52.6% 28.2%
39.6% 35.0%
27.3% 45.7%
Government support (all levels)
44.6% 10.8%
51.8% 12.3%
46.9% 11.9%
34.8% 14.4%
Private individual donations
38.1% 35.5%
37.0% 35.8%
32.5% 41.3%
25.2% 47.3%
Private corporate donations
44.9% 17.7%
36.3% 18.7%
30.7% 24.6%
28.7% 29.0%
Foundation support
35.2% 21.9%
26.1% 25.8%
24.3% 27.2%
20.7% 26.9%
Admission fees
26.7% 32.2%
28.4% 39.9%
27.4% 33.5%
21.3% 37.5%
Membership fees
33.1% 27.0%
28.5% 27.4%
28.2% 30.4%
23.5% 37.5%
Other earned income
34.2% 29.3%
28.1% 35.1%
25.8% 40.8%
20.1% 41.4%
Investment income
63.3% 15.2%
37.3% 36.2%
42.7% 21.7%
23.3% 42.2%
Source: American Alliance of Museums

Figure 6

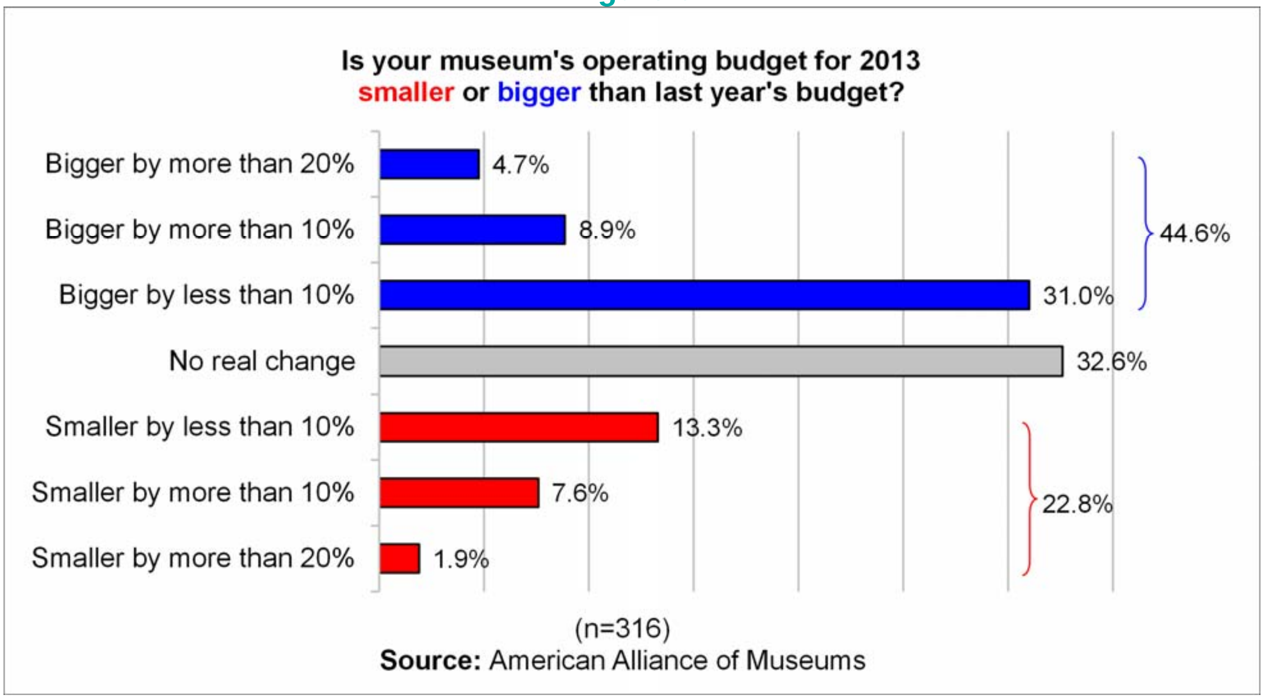


Figure 7

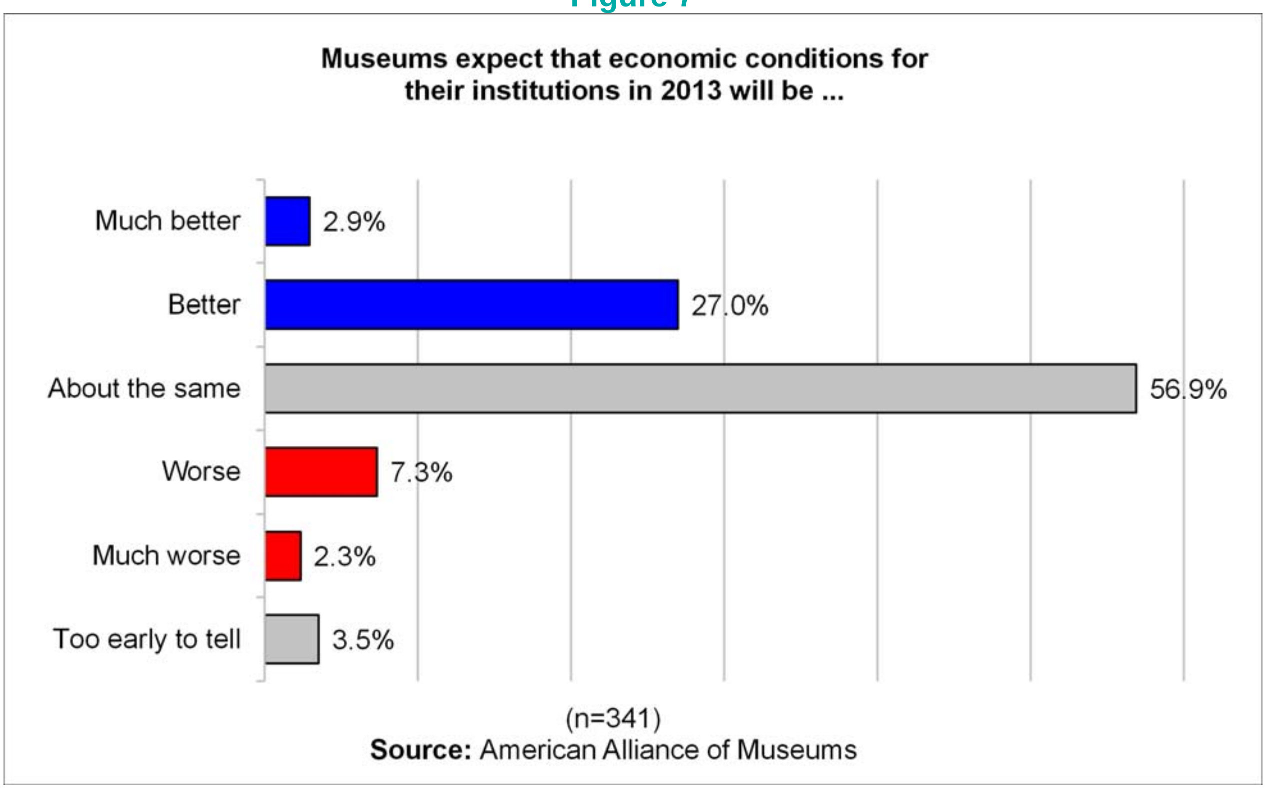


Table 1
Budget-saving measures adopted by museums, 2010-2012

% of museums 2010	2011	2012	Budget-saving measure
29.5%	32.8%	22.9%	Defer building maintenance
34.2%	30.3%	20.1%	Rely more on volunteers
28.5%	26.1%	18.0%	Rely more heavily on the museum's own collections
35.2%	27.7%	15.7%	Freeze hiring
14.4%	12.9%	9.0%	Postpone or cancel a construction project
17.2%	13.2%	7.4%	Rely less on traveling exhibits
13.3%	12.0%	7.4%	Postpone or cancel an exhibit
13.8%	10.4%	6.7%	Postpone or cancel a capital campaign
15.4%	11.8%	6.5%	Reduce staff benefits
11.0%	11.1%	6.5%	Shift functions from paid staff to outside contractors
13.3%	11.3%	6.0%	Reduce operating hours
12.5%	7.6%	6.0%	Other
16.2%	13.4%	5.1%	Lay off staff
1.0%	3.0%	3.5%	Rely more on traveling exhibits
8.1%	3.9%	2.8%	Furlough staff
2.9%	3.9%	2.3%	Deaccession item(s) from the collection
3.7%	1.8%	1.8%	Close individual galleries/exhibits on selected days
78.6%	*76.0%*	*64.8%*	*Any budget-saving measure*