American Alliance of Museums

RESOURCE

The Future of Museum Funding

Exploring the impact of executive orders, actions, and policies on museum income streams and business models

by Elizabeth Merritt

Vice President, Strategic Foresight and Founding Director,
Center for the Future of Museums

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Introduction

Traditional foresight takes a long view, helping organizations plan for the world as it might be ten, twenty, or fifty years from now. By understanding the trends that are changing the operational landscape, organizations can (to channel hockey great Wayne Gretzky) "skate to where the puck will be."

But on rare occasions, world-shaking events radically collapse that timeline, creating profound uncertainty about what we will face next week, next month, or next year. In March 2020, when the COVID-19 pandemic upended the world, museum leaders had to act quickly, making critical choices about how to keep people safe, protect their staff's health and jobs, and keep their organizations afloat. These were, quite literally, life or death decisions. The pandemic left over one million Americans dead and an uncounted number dealing with long-term health effects. Over half of museums have yet to regain their pre-pandemic attendance.

From a planning perspective, the disruptions caused in 2025 by executive orders, actions, and policy may be even more difficult to navigate. Terrible as it was, the pandemic presented a manageable number of variables that we could track and respond to—national and local rates of infection and hospitalization; mandates from local, state, or federal government or parent organizations about opening or closing, masking, and sanitation; the availability of financial relief from federal, state, or local governments. There was weirdness, to be sure (vaccine denial, rumors of bogus miracle cures, conspiracy theories), but it was possible to identify and focus on a few key points and create rational contingency plans. Now there are so many variables, so few constraints on what could happen, and so little data on which to base decisions, that even contingency planning can seem like a stretch goal.

Still, it's imperative that we make that stretch, given the breadth and depth of the challenges to museum practice we face. At an operational level, individual museums are being attacked for their staffing practices, programs, and exhibitions. The values of DEAI, which have been a major focus of museum work in the past decade, are under siege. Meanwhile, communities may need their museums' support more than ever, as the government dismantles the existing infrastructure for health, education, science, and emergency response.

This report grapples with the financial impact of these disruptions: the damage executive orders and actions are inflicting on museums' ability to fund their operations. It provides an overview of the impact on the four pillars of museum revenue—government, earned, contributed, and investment income—and examines growing threats to the foundation supporting this business model—nonprofit and tax-exempt status.

I hope that this resource will help museum practitioners by:

- Validating what you are seeing and feeling. (You aren't alone in thinking the world has been turned upside down.)
- Helping to ensure that while there will inevitably be more bad news, at least these developments will not come as a surprise.
- Informing contingency plans to deploy in response to the zigs and zags of policy and funding. (Futurists really do believe that "forewarned is forearmed.")
- Acting as a resource for briefing staff, board members, donors, and other key constituents on the financial pressures facing your museum.

- Offering a few thoughts on emerging opportunities.
- Providing, in the end, a message of hope about what we, as a sector, can do to influence government policy.

Difficult as the coming years will be, I am confident that museums can rise to the challenge of helping their communities through trying times, live up to their missions and values, and rally the support they need to do this good work. We are stronger together, and the Alliance is here to help.

Yours from the future,

Elizabeth

Elizabeth Merritt
Vice President, Strategic Foresight and Founding Director, Center for the Future of Museums
American Alliance of Museums

Setting the Stage

Let's start by reviewing some context[1] about the presidential directives that are major drivers of the current disruptions. Executive orders (EOs) are legally binding directives telling federal agencies how to implement laws or policies. The president can use these orders to reallocate funds within the limits set by Congress and set enforcement policies for laws governing, for example, immigration, civil rights, and workplace health and safety. Strictly speaking, EOs can't create new laws, supersede existing laws, violate constitutional rights, change the Constitution, override judicial decisions, appropriate new funds, impose penalties, or criminalize conduct.

As of July 10, President Trump has issued 170 such orders, many of which have been or are being challenged in court. The National Council of Nonprofits maintains a running list of the EOs that affect charitable organizations, with a summary of the implications, updates on current status, and links to related documents. Four EOs have had particularly significant impact on museums' finances:

- Ending Radical and Wasteful Government DEI Programs and Preferencing (January 20): Issued on the president's first day in office, this EO directs the Office of Management and Budget and the Office of Personnel Management to coordinate with all federal agencies to terminate all DEI programs in federal agencies, including equity-related grants and equity action plans. Status: multiple legal challenges, some parts of the memo blocked or rescinded, other parts still in effect.
- Ending Illegal Discrimination and Restoring Merit-based Opportunity (January 21): Issued on day two of the administration, this EO requires all federal grants and contracts to certify they are compliant with anti-discrimination laws and do not operate any programs promoting DEI. It also directs each agency to "identify up to nine potential civil compliance investigations of publicly traded corporations, large non-profit corporations or associations, foundations with assets of 500 million dollars or more, State and local bar and medical associations, and institutions of higher education with endowments over 1 billion dollars." Status: in effect, litigation ongoing.
- Memorandum[2] for the Heads of Executive Departments and Agencies (February 6): States that it is the policy of the administration to stop funding NGOs that undermine the national interest and directs the heads of all executive departments and agencies to "align future funding decisions with the interests of the United States and with the goals and priorities of [the Trump] Administration." Status: in effect.
- Continuing the Reduction of the Federal Bureaucracy (March 14): eliminates to the "maximum extent consistent with applicable law" seven agencies, including the Institute of Museum and Library Services, which, as the EO notes, the president has "determined are unnecessary." Status: challenged by Rhode Island v. Trump and American Library Association v. Sonderling, currently paused.

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[1] This resource was compiled in mid-July 2025. Because of the rapid pace of current events, facts cited in the text may quickly become obsolete. Please check current sources of information (including resources cited throughout this report) to ensure that information you use in your own presentations or decision making is up to date.

[2] N.b., a presidential memorandum is effectively the same as an EO.

Resources

The following sources can help you stay up to date on current executive orders, status of legal challenges, and impact.

- 2025 Donald J. Trump Executive Orders, *Federal Register*. This page lists and links to all the executive orders published in the Federal Register. federalregister.gov/presidential-documents/executive-orders/donald-trump/2025

- Updates and Resources on the Impacts of Executive Orders, *American Alliance of Museums*. This Advocacy Alert page compiled by AAM staff provides news, updates, and resources concerning the impacts of executive orders. https://www.aam-us.org/2025/01/28/impact-of-executive-orders-and-pause-on-disbursement-of-federal-funds/

- Executive Orders Affecting Charitable Nonprofits, *National Council of Nonprofits*. This frequently updated document summarizes some of the executive orders that may affect nonprofits directly or indirectly. The featured EOs cover a broad range of issues including diversity, equity, and inclusion programs; government grants and contracts; civic engagement; immigration; and certain nonprofit subsectors. councilofnonprofits.org/files/media/documents/2025/chart-executive-orders.pdf

- Executive Orders: How Presidents Use Their Power to Get Things Done, *Sandra Day O'Connor Institute for American Democracy*. This article provides an overview of executive actions, what they can and cannot do, and a brief history of how past presidents have used this power. civicsforlife.org/executive-actions/

- Analysis of the 2025 Tax Bill and Its Impact on Charitable Nonprofits, *National Council of Nonprofits*. This document outlines key issues in H.R. 1 (the "One Big Beautiful Bill Act") signed into law on July 4, summarizes the legislative changes, and provides brief commentary on the impact on charitable nonprofits. councilofnonprofits.org/files/media/documents/2025/chart-tax-legislation-2025.pdf

Government Income

Some Context

When AAM first started tracking museum financials in 1988, government funding comprised 40 percent of museum income on average. By 2010, that portion had declined to a little under 24 percent, a figure that seems to have remained stable for the next fifteen years. AAM's most recent data, from the [2024 Museum Board Leadership Survey](), shows government funding at 24 percent, with the majority being local (13 percent), followed by state (8 percent) and federal (3 percent). However, it's important to note that these figures may not capture the full impact of federal funding, for example federal monies that flow to museums through state arts and humanities organizations.

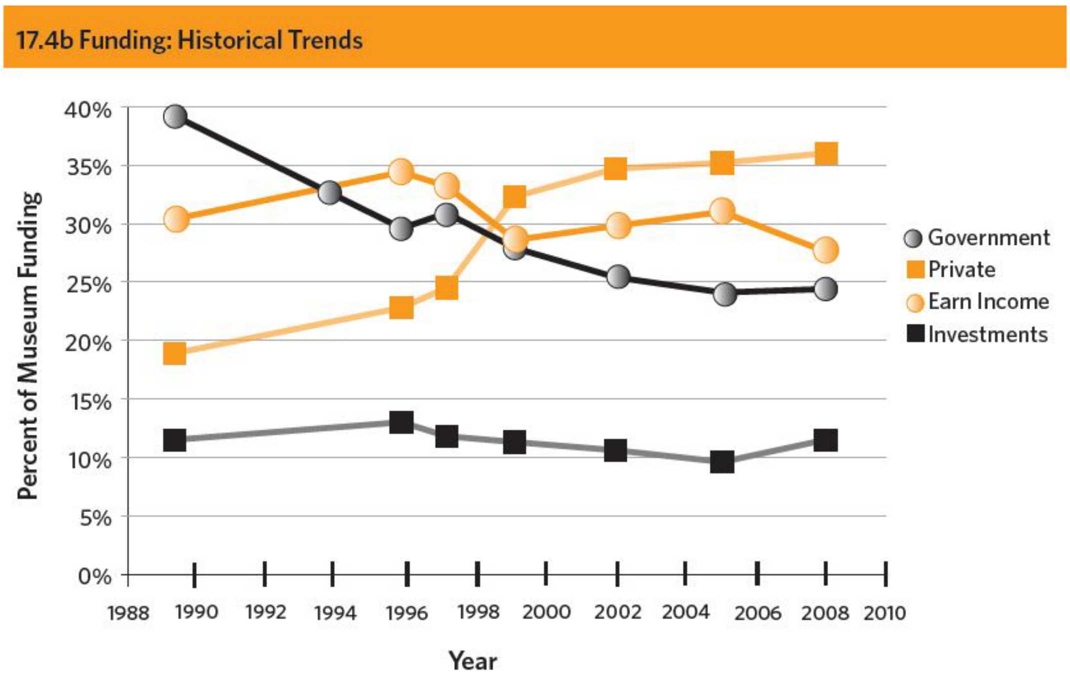


FIGURE 1: INCOME TRENDS 1988- 2009, 2009 MUSEUM FINANCIAL INFORMATION, AAM.

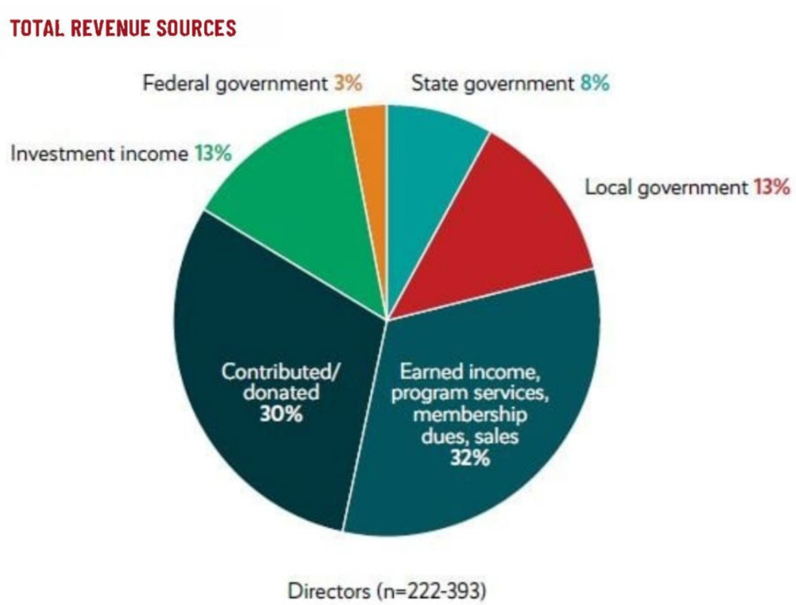


FIGURE 2: TOTAL REVENUE SOURCES, 2024 MUSEUM BOARD LEADERSHIP: A NATIONAL REPORT, AAM.

EO Impact on Government Funding

The most dramatic and immediate impact of the various EOs has been cancellation of existing grants, including, in some cases, failure to reimburse monies already spent. It will be some time before we can accurately measure the scope of these cancellations, but even preliminary data establishes the severity of the impact. One project tracking NEH grant cancellations has documented 1,435 terminated awards, totaling $427,666,781. This includes termination of funds to state humanities councils, museums, historic sites, archives, libraries, educators, and media outlets in all fifty states. The potential loss of matching funds raised to support grants (a 1:1 cost share is not uncommon) could double the financial impact of cancelled awards.

There are less obvious impacts as well. In February 2025, the National Institutes of Health and the Department of Energy capped the rate for indirect costs on grants (including funds already awarded) at 15 percent. The indirect cost rate is designed to cover the overhead costs of grant-funded projects, from keeping the lights on to paying the accounting staff. Heretofore arrived at via individual negotiation with the federal government, these rates often were as high as 75 percent at colleges and universities. According to one AP analysis, federal funding makes up 10 to 13 percent of most college funding, and at some big research universities it can constitute 50 percent of the institution's operating income. Regardless of whether they were direct recipients of such grants, many of the U.S.'s seven-hundred-some college and university museums and galleries will feel the pinch as their parent organizations struggle to compensate for the sudden income gap caused by dramatically lower indirect rates.

Museums also face the loss of critical federal partners and resources as the government downsizes and shutters many agencies. Organizations like the Cockayne Farmstead and Marshall County Historical Museum are seeking volunteers to fill the gap left by the shuttering of AmeriCorps. The mass firing of National Park Service staff not only cripples the operation of many parks and historic sites; it may well disrupt the partnerships that NPS has with state and local governments, nonprofit museums, and private landowners.

Potential Concerns

There have been several notable examples of the federal government threating to cancel funding in order to leverage compliance with the president's agenda. In April a federal judge halted one such effort, after the administration threatened to withhold millions of dollars in federal grants from any city that had declared itself to be a sanctuary for immigrants. However, the administration has had more success employing this tactic with higher education, using the cancellation of millions of dollars in grants to pressure Columbia University to take a variety of actions unrelated to the funding, including, for example, removing its Middle Eastern, South Asian, and African Studies Department from faculty control. (On the other hand, over two hundred colleges and universities have signed a statement vowing to resist such pressure.) The administration has also threatened to withhold Title I funding from K-12 public schools unless they certify that they will eliminate all DEI-related programs. As of the end of April, twenty-one states and territories, including the District of Columbia and Puerto Rico, indicated they would sign the required certification. Nineteen states, including New York and Vermont, have refused to comply and filed a federal lawsuit contesting the ban.

Might such pressure be brought to bear on museums? Historical precedent suggest that it could. The Native American Graves Protection and Repatriation Act (NAGPRA) demonstrated how the federal government can create profound shifts in museum practice by tying compliance to the receipt of any federal funding. When the legislation passed in 1990 there was some resistance in the field. However, in time, NAGPRA helped drive a profound shift in museum values and practice around stewardship and relationships with and responsibilities to Native Americans. Tools, whether mechanical, financial, or legislative, are in and of themselves morally neutral—it's what you use them for that counts. Many museum people would agree NAGPRA leveraged positive change in our sector. Now federal funding might be applied to shifting the field away from practices, such as DEI, that align with many museums' values.

Bright Spot

Despite the fact that each of the EOs ends with a disclaimer stipulating that "this order shall be implemented consistent with applicable law," some constitutional scholars and legal experts contend that many of the EOs issued so far are, in fact, illegal and unconstitutional, and a number of groups, associations, and states have filed suit challenging these mandates. The *New York Times* has recorded over one hundred rulings that paused or blocked some of the administration's actions. Even successful challenges may only soften the worst of the damage, however. In May an injunction from a federal judge mandated the restoration of IMLS, and staff were told they could report back to their offices. However, their ability to conduct meaningful work, the status of cancelled grants, not to mention the funding for the agency in the next fiscal budget, remains to be seen.

Meanwhile, some foundations are stepping in to create a safety net for organizations left hanging by the loss of federal funding. On April 19, the Mellon Foundation announced it would provide $15 million in emergency funding to support all fifty-six state and jurisdictional humanities councils across the US. $2.8 million of these funds are in the form of $50,000 challenge grants to encourage local funders and individual donors to contribute as well. On May 7, the Andy Warhol Foundation and the Helen Frankenthaler Foundation announced they would provide $800,000 in funding to eighty visual arts programs that had lost promised funding when the National Endowment for the Arts eliminated its Challenge America grants.

Independent of these foundation challenge grants, individuals are stepping up as well. An anonymous donor gave $85,000 to the Japanese American National Museum after the NEH funding for a continuing education program for teachers was cancelled. The museum went on to launch a fundraising appeal that raised a total of $170,000 to save the program. Pastors of Black churches across the country are encouraging their congregations to buy museum memberships to support the National Museum of African American History and Culture (which was specifically assailed in the EO "Restoring Truth and Sanity to American History"). These are just two of many examples popping up across the country of donors, large and small, supporting beloved museums.

However, given that, in 2024, IMLS received an appropriation of $294.8 million, and NEA and NEH each received $207 million, the funding from foundations and individual donors is so far a small patch on the gaping hole left by the dismantling of these grant programs.

Something to Watch

"Trust is like a vase…once it's broken, though you can fix it, the vase will never be the same again."
—Walter Inglis Anderson

Some museum people have voiced their hope that the presidential election of 2028 will lead to the roll-back of EOs assailing DEI and particular museums, and the restoration of funding for arts, culture, history and science. That outcome is certainly in the foresight Cone of Plausibility. However, even a comprehensive dismantling of the damage done in the next four years may not magically restore the "way things were." The current administration has broken the written and unwritten rules about how presidents can wield their powers. In the future, will it become normal for EOs, and federal funding, to be deployed by each incoming administration to reshape the country? And knowing that grants can be cancelled, project scopes rewritten, funds clawed back, and that funding can be tied to compliance with presidential priorities, will nonprofits in general, including museums, ever be able to trust federal funding again? At least twenty-six states have started their own DOGE-like efficiency efforts, some of which are seeking to curb DEI practices, and might also emulate the federal lead on defunding arts and culture. In the future, might government funding shift from being a reliable pillar of museum income to a source of supplementary funds that comes with significant risks?

Resources

- IMLS Grant Cancellations, *Chief Officers of State Library Agencies*. This site compiles a list of Institute of Museum and Library Services grant cancellations via an online form, and provides data sorted by IMLS program and state. cosla.org/imls-grant-cancellations

- Database and Visualization highlighting the impact of grant cancellations at the NEH, *Association for Computers and the Humanities* (ACH). This spreadsheet tracks terminated NEH grants. As of July 10, the data includes 1,435 awards with a total value of $427,666,781. impact.ach.org/

- Grant Award Cancellations Tracker, *GrantExec*. This website uses data sourced from the Department of Government Efficiency [3] API, federal agency postings, and recipient organization disclosures to track recision and termination of previously granted awards and program terminations. grantexec.com/data/federal-grant-cancellations

- Grant Terminations, American Alliance of Museums. AAM is collecting grant termination information and stories from the museum community through an online form. https://form.jotform.com/250924415963057

[3] Keep in mind that outside monitors have found significant errors in DOGE's reporting.

Earned Income

Some Context

"Earned income" is a large and diverse bucket. Membership fees, museum store sales, facility rentals, and program/education fees typically constitute the largest portions, but many museums also derive significant revenue from food service, special exhibition fees, and royalties. Some museums have cultivated substantial income from non-traditional sources, including the Warhol Museum's Pop District, the National WWII Museum's Higgins Hotel and Conference Center in New Orleans, and the Center of Visual Expertise (which provides workplace safety training) at the Toledo Museum of Art.

As mentioned earlier in this report, U.S. museums have decreased their reliance on government funding (local, state, and federal) in recent decades. Constituting about 40 percent of museum income, on average, in 1989, that figure declined to 24 percent by 2009, and remained stable for the past fifteen years. Over that period, earned income as a proportion of museum revenue held relatively steady, rising from 30 percent in 1989 to a high near 35 percent in 1996, sinking to 28 percent in 2009 and most recently, as documented in the 2024 Museum Board Leadership Report, constituting 32 percent of museum income.

The relatively high and stable level of earned income is one aspect of the U.S. museum business model that our international colleagues, for example, in the UK, have sought to emulate as their own government funding shrinks. That being so, any policies or actions that destabilize earned income are of particular concern to the field.

EO Impact on Earned Income

Museums' earning power rises and falls with larger economic tides, influenced by people's ability and willingness to spend on leisure, travel, and tourism; the capacity of communities to recover from the economic shock of natural disasters; and the cost of goods and services. Here's a brief overview of current data on those categories.

Leisure Spending

In May McKinsey & Company released their latest data on U.S. consumer confidence and projected spending. According to that report, 43 percent of consumers are concerned about rising prices and inflation, 29 percent about the impact of tariff policies, and nearly a quarter (22 percent) are worried about being able to "make ends meet." More than 60 percent of consumers have either changed or expect to change their spending habits in coming months, and of these, more than half plan to cut back on non-essential spending.

These concerns will inevitably impact cultural consumption as well. Colleen Dilenschneider, of IMPACTS Experience, reports that public intent to visit exhibit-based organizations is down significantly in the first quarter of 2025, which she attributes to a drop in consumer confidence, less leisure spending over all, and the impact on travel. (n.b., IMPACTS will share a mid-year update in July. If you are not already subscribed to this excellent source of information, you might consider becoming a member of IMPACTS to access its data and analysis.)

Travel and Tourism

Practical concerns about travel, along with a negative perception of the U.S. as a desirable destination, are fueling a precipitous drop in inbound tourism. Several countries, including Canada, Denmark, Finland, France, Germany, and the UK, have issued travel advisories regarding the U.S., due to harsh immigration enforcement, aggressive examination of travelers' social media accounts, and harassment of non-binary or transgender individuals. The World Travel & Tourism Council (WTTC) recently announced that the U.S. is on track to lose over $12 billion in international spending this year (about a 15 percent drop from 2024). Summer bookings from Canada, the top source of international visitors to the U.S., were down 70 percent in March compared to last year. Hotel bookings from travelers hailing from Japan, Mexico, and Germany are down as well.

While some museums rely heavily on international tourism, others may be more concerned with domestic travel which, according to the WTTC, accounts for 90 percent of tourism spending. In past times of financial stress (such as the 2008 financial crisis and the COVID-19 pandemic), Americans turned to local travel and "staycations." Unfortunately, the dismantling of federal support for preparation and recovery could increase the risk of severe damage to local economies, including travel and tourism, in what may be a particularly bad year for natural disasters. The 2025 hurricane season is projected to feature a higher-than-average number of severe storms, and the threat of wildfires is expected to rise over the year due to heat, drought, and extreme weather.

Even in the best of times, natural disasters can cause massive damage to local economies: In September 2024, Buncombe County in North Carolina saw a 70 percent decline in tourism due to the damage inflicted by Hurricane Helene. The county lost nearly $600 million in revenue that winter, due to travel, lodging, and related spending, despite over $500 million in government recovery spending. The total long-term costs of helping North Carolina recover from the storm are estimated at $60 billion. Now the president is scaling back federal help for the continued relief of that region. He has terminated hundreds of staff at the Federal Emergency Management Agency, and states don't have the personnel, infrastructure, and funding to immediately pick up the slack. The staffing shortage will be made even worse by the gutting of AmeriCorps in April, as young people serving through that program have played a critical role in disaster recovery.

Cost of Materials and Products

The administration's proposed tariffs have been announced, raised, lowered, blocked, and reinstated by the courts, making it difficult to assess their impact with any precision. Whatever the final outcome, these policies have already had a significant impact on the economy. A wide array of companies, including Nikon, Walmart, Mattel, and Proctor & Gamble, have announced price hikes due to tariff impact. The price of steel and aluminum spiked in the wake of the president doubling tariffs on the metals to 50 percent. Tariffs on Chinese goods peaked at over 145 percent, dropped to 80 percent as China and the U.S. jockeyed for economic advantage, and currently stand at 34 percent. Retail experts expect the tariffs to raise the price of everything from electronics to baby gear.

Besides the general impact on household budgets and spending, price increases could affect museums directly, for example in the costs of:

- Computers, storage devices, electronics used in exhibits and interpretation
- Collections storage cases
- Exhibition construction materials
- Museum store stock
- Operating food services

Sponsorships

This section refers to corporate sponsorships, which offer concrete benefits and promotional value to the sponsor, as opposed to corporate donations, which will be addressed later in this resource.

One of the president's priorities, as expressed in the form of EOs and other actions, is the suppression of DEI policies and actions. In response, some large corporations are already pulling their sponsorships from projects, initiatives, and organizations they fear will put them at risk. For example, Comcast, Anheuser-Busch, and Diageo withdrew their support from San Francisco Pride this year, while Booz Allen Hamilton, Deloitte, Comcast, and Darcars dropped their sponsorship of WorldPride in Washington, D.C. Brendan Carr, the new chair of the FCC, has opened an investigation that may quell sponsorships of public media, including NPR and PBS. Given the drive towards pre-emptive compliance, we might see more corporations declining to sponsor activities and organizations at odds with the values of the current administration.

Bright Spot

While it's discouraging to see major companies pull back on sponsorships to conform to presidential priorities, many of their peers are reaffirming their commitment to DEI.

- Apple shareholders rejected an anti-DEI proposal, and the company defended its diversity program as an "integral part of its corporate culture."
- 98% of Costco shareholders repelled an anti-DEI measure and the company's leadership reaffirmed that "DEI isn't just a box to check, it's central to [our] employee strategy and rooted in the company's core ethics."
- An Executive VP of Delta stated the company is "steadfast in our commitments [to DEI] because we think they are actually critical to our business."
- Sephora continues to commit to a culture of inclusion and belonging, and references their Racial Bias in Retail study as one driver of their equity partnerships with NAACP, the National Coalition on Black Civic Participation, and others.
- Ben & Jerry's website not only doubles down on DEI; it flat-out refers to dismantling white supremacy.

Most of the statements above refer to companies' internal practices, not to sponsorships per se, but their commitment to their values suggests they may also continue to support nonprofits addressing DEI.

Something to Watch

Organizations incorporated as nonprofits can apply for and receive tax-exempt status from state and federal government. Since 1950, the exception has been UBIT—taxation of income unrelated to the nonprofit's purpose. (A more technical definition of unrelated business income, provided by Herwit & Associates, is "net income derived from a trade or business regularly carried on which does not contribute importantly to the accomplishment of the organization's tax-exempt functions.") The need to establish connection to mission, and therefore UBIT exemption, leads some museums, for example, to document and explain the connection between items in their stores and associated objects in their collections.

UBIT is being reexamined, however, from specific issues to more sweeping reform. The tax package approved by the House Ways and Means Committee in May included a proposal to extend UBIT to cover the value of parking and transportation benefits provided to employees, with an exception for churches. This would have applied a 21 percent tax on expenses incurred by nonprofits to support employees. Another provision would have made name and logo royalties taxable—both were dropped from the final budget bill.

Some conservative tax-policy thinkers have proposed that the government revisit UBIT on a much larger scale. Scott Hodge, President Emeritus of the Tax Foundation, has proposed that "rewriting of the tax-exempt rules should include narrowing the definition of 'public charity' and subjecting all non-charitable income to the corporate tax rate of 21 percent." That would include taxing membership fees, program service fees, and some government grants and contracts. According to Hodge's calculations, this change in tax policy could "raise nearly $40 billion annually in new tax revenues,"—money that could offset the costs of tax breaks to individuals and for-profit companies.

Hodge's proposal is grounded in his argument that nonprofit hospitals are competing with for-profit hospitals—providing the same services with the unfair advantage of tax exemption. (The convergent behavior of nonprofit and for-profit hospitals is a widely recognized issue, though some argue this convergence is driven by for-profit hospitals competing with nonprofit hospitals, and in this way pressuring them to abandon their public services.) If museums lean into the development of earned income to replace nonexistent or unreliable government funding, might that create a "doom loop" in which museums are framed as competing with for-profit entertainment companies (ranging from so-called "selfie museums" to for-profit venues that present touring exhibits such as Body Worlds)?

Resources

- Trump 2.0 Tariff Tracker, *Trade Compliance Resource Hub*. This site provides commentary and analysis by Reed Smith's International Trade and National Security Team on the latest threatened and implemented U.S. tariffs, as well as counter-tariffs levied by other countries. tradecomplianceresourcehub.com/2025/07/14/trump-2-0-tariff-tracker/

- Your Guide to Corporate DEI Actions and Political Spending, *DEI Watch.* This online guide tracks companies that have dismantled or committed to their DEI initiatives. As mentioned in the commentary above, this may shed light on which companies will be likely or unlikely to sponsor organizations or events associated with DEI. dei.watch/

- F&B/Retail and Rentals that Consider Mission, Community, and DEAI, *American Alliance of Museums*. In this recorded session from the 2024 AAM Annual Meeting & MuseumExpo, a panel of museum leaders and a prominent industry consultant outline solutions and tactics to address museums' most common challenges in approaching earned income from ancillary sources. (AAM member resource.)

Contributed Revenue

Some Context

Charitable giving constitutes an average of 30 percent of museums' income (2024 Museum Board Leadership: A National Report, AAM). That share has risen over the past few decades, taking up some of the slack as government funding has proportionately decreased. For the nonprofit sector overall, about 67 percent of charitable dollars come from individuals, and 33 percent from foundations (Giving USA 2024 Report).

EO Impact on Individual and Corporate Philanthropy

How might executive orders and actions disrupt individual giving? The overall economic outlook may affect the ability of average (non-wealthy) donors to give. Some donors may redirect their giving in coming years to what they see as urgent needs, for example building a safety net for families suffering from current policies or supporting civic institutions and bolstering democratic attitudes. Rising ideological polarization may fragment giving as well. (We were seeing this effect even before the election: In AAM's 2024 National Snapshot of US Museums, 34 percent of directors indicated that they had experienced some kind of DEI backlash, with 11 percent reporting pressure from donors.)

The tax bill signed into law on July 4 includes several provisions that may affect individual and corporate philanthropy. The bill:

- Makes permanent a universal charitable deduction, which provides tax incentives for the over 90 percent of Americans who don't itemize their taxes. Non-itemizers can deduct charitable contributions up to $1,000 for individuals and $2,000 for joint filers starting in 2026. This is estimated to generate $74 billion for nonprofits over the next decade.
- Creates a 0.5 percent floor for itemizers. This means individuals can only deduct the portion of their charitable contributions that exceeds 0.5 percent of their adjusted gross income. The National Council on Nonprofits contends that this will reduce the incentive for and amount of charitable giving.
- Places a 35 percent cap on itemized deduction value. Research from the Lilly Family School of Philanthropy, commissioned by Independent Sector, projects this cap will reduce charitable giving by $41-61 billion over the next decade.
- Creates a requirement for corporations to contribute at least 1 percent of their taxable income to qualify for a charitable tax deduction (the bill does not change the existing 10 percent ceiling). It's not clear whether corporations would be able to deduct the full value of their charitable contributions or only the value in excess of 1 percent. Research commissioned by Independent Sector estimates this provision may result in a $4.5 billion annual reduction in corporate charitable giving.

It is difficult to calculate the net impact of these provisions, given the many and various estimates, but the National Council of Nonprofits has concluded that the overall effect may be to reduce resources for nonprofit organizations by at least $81 billion over the next 10 years.

Bright spot

Many people are looking for ways to support the institutions they love in the face of cancelled grants and attempts to censor content. However—channeling the collective wisdom shared in AAM webinars and conversations—donors and potential donors may need some help knowing what, exactly, your museum needs, and how they can help you through current difficulties. It can be particularly effective to focus on the real-world impact of such financial lifebuoys—who will you be able to serve, what programs will be saved—in addition to the financial bottom line. Donors want to know how they are making things better, even in small, incremental steps.

We are already seeing examples of individuals stepping in to fill gaps left by the cancellation of government grants. When the Japanese American National Museum lost critical funding from the NEH for a continuing education program for teachers, an anonymous donor pitched in $85k, leading to a successful $170k appeal that saved the program. Around the country, pastors of Black churches have been rallying their congregations to support the National Museum of African American History and Culture in the face of an executive order explicitly criticizing that institution.

These are uplifting stories of regular folks pitching in to make a difference. However, if individual giving is to fill in the considerable gap left by the collapse of federal funding, the nonprofit sector might do well to focus their expectations on the top of the wealth pyramid. According to the 2023 Bank of America Study of Philanthropy, “affluent” households, with a median income of $350k and median wealth of $2 million, rank arts and culture as number four in importance for their giving. However, as a share of total giving, only 2.4 percent of their contributions go to this category. (Optimists might see this as room for growth.) Even more promising, in their capacity to give and their immunity to economic disruptions, are the small but growing cadre of “ultra-wealthy” individuals (with a net worth of at least $30 million) who are responsible for 38% of individual giving in the US.

Something to Watch

It may be unreasonable to expect individual giving to solve the current crisis. However, there is one source of existing charitable wealth big enough to be of significant help. Donor Advised Funds are charitable giving accounts that receive irrevocable contributions from donors who can eventually recommend grants to charities of their choice from that fund. This is a good deal for donors, who can take an immediate tax deduction while putting off the decision about when to give and to whom. That’s led to a lot of criticism of the format. Philanthropy gadfly Vu Le has described DAFs as “slimier than a banana slug and not nearly as cute.” As contributions to DAFs count towards foundations’ (already low) minimum disbursement, they also soak up charitable funds that could otherwise go directly to nonprofits. And DAFs can hold funds indefinitely. (As Vu puts it, “the money can just sit there until the heat death of the universe.”)

However, the very provisions that allowed DAFs to accumulate wealth mean that they are a relatively untapped source of money in a time when funds are increasingly tight. In 2023, DAFs held over $251 billion in wealth, having increased by 400 percent in the past decade. While they are not compelled to increase their giving to meet current needs, donors could open the floodgates if they so choose. (If you want to nudge them in that direction, see Rasheeda Childress’ tips on how to identify and influence DAF donors.) There are ongoing bipartisan legislative efforts to increase the minimum distributions from DAFs, which would force some of these funds into nonprofit coffers.

EO Impact on Foundation Funding

Foundation giving will be influenced by some of the same factors affecting individual giving—notably the performance of the economy, and potentially changing priorities in the face of many urgent needs. In addition, foundations are themselves under attack, with the explicit threat of civil litigation for their support of "illegal DEI." The Chronicle of Philanthropy identified 346 foundations, collectively holding $900 billion in assets and accounting for over half of all grant dollars awarded, that fall under the parameters of the EO. Charitable organizations at risk include many long-time supporters of museum work, including the Ford, McArthur, and Rockefeller Foundations. That threat may be in abeyance, as a federal judge in California recently blocked the administration from enforcing anti-DEI and anti-transgender executive orders, noting that the executive branch "cannot weaponize Congressionally appropriated funds to single out protected communities for disfavored treatment or suppress ideas that it does not like or has deemed dangerous." This stay will likely be appealed by the administration, and it may take some time for the issue to wend its way through the courts. However, in the meantime, the mere threat of litigation may have a chilling effect on foundation giving, as well as diverting some of their resources towards preparing their defense.

Bright Spot

In the face of these pressures, many foundations are rallying to support their values. Six hundred and ninety five have signed the Unite in Advance statement, which asserts that "as charitable giving institutions, we are united behind our First Amendment right to give as an expression of our own distinct values. Especially in this time of great need, we must have the freedom to direct our resources to a wide variety of important services, issues, and places, to improve lives today and build a stronger future for our country. The health and safety of the American people, our nation's economic stability, and the vibrancy of our democracy depend on it."

Another 158 grantmaking organizations have signed the Meet The Moment Pledge, launched by the Trust-Based Philanthropy Project. Signatories pledge to (among a long list of actions):

- Offer "support beyond the check," such as access to legal services and risk assessment.
- Collaborate with other funders to pool funds, eliminate administrative burdens, and invite nonprofits to inform plans.
- Commit to multi-year, unrestricted funding.
- Increase their grantmaking budget for the next four years.
- Where possible, make gifts instead of grants.

For example, one signatory, the MacArthur Foundation has promised to raise the giving rate from its endowment to 6 percent (from the IRS minimum of 5 percent) for the next two years, and to use trust-based practices to reduce the administrative burden on grantees.

While welcome, tweaking charitable giving in this way would fall far short of filling the gap. According to Candid, the 30 percent of nonprofits that file IRS 990 forms receive $303 billion annually from the government. For scale, Vu Le cites experts who estimate that foundations increasing their payout from 5 percent to 6 percent would free up an additional 15 to 20 billion dollars each year. By Candid's own analysis, to make up for the loss of government grants, private foundations would have to increase their grantmaking by 282 percent. That said, the nonprofit sector should be vocal in its appreciation for foundations that are stepping up to help with financial and practical support for their grantees.

To return to the data on ultra-wealthy individuals presented in the previous section, perhaps more members of this elite group will follow the example of MacKenzie Scott and establish significant new giving streams in alignment with evolving best practices. Scott has given over $19.25 billion to more than 2,450 nonprofits through her Yield Giving foundation in the form of unrestricted gifts with few reporting requirements and no time limits on spending the funds. The top 1 percent of wealthiest people in the U.S. controlled over $49.2 **trillion** in 2024. This group, collectively, does have the ability to fill the gap left by federal funding cuts. Short term, this would be a lifesaver. Long term, it might result in a nonprofit sector that mirrors the values and priorities of that 1 percent. The country will have to decide whether this system would be inherently better, fairer, more equitable, or less partisan, than the messy, imperfect, but relentlessly democratic process (per Oliver Wendell Holmes) of funding civilization via taxes.

Something to Watch

Proposals to tax foundation endowments. In 2021, J.D. Vance (now Vice President Vance) proposed taxing the endowments of wealthy foundations or requiring them to use 20 percent of their assets each year. This might go some way towards replacing federal funds in the short term, but it would effectively force foundations to sunset themselves in less than a decade. (Which seems to be the intent of Vance's proposal—more on that later in this report.)

This idea continues to have legs—the House version of the tax package would have taxed the investment income of private foundations with rates ranging from 1.4 percent on those with assets under $50 million, up to 10 percent for those with assets over $1 billion. The plan released by the Senate Committee on Finance on June 16 did not include this tax, and it was omitted from the final bill.

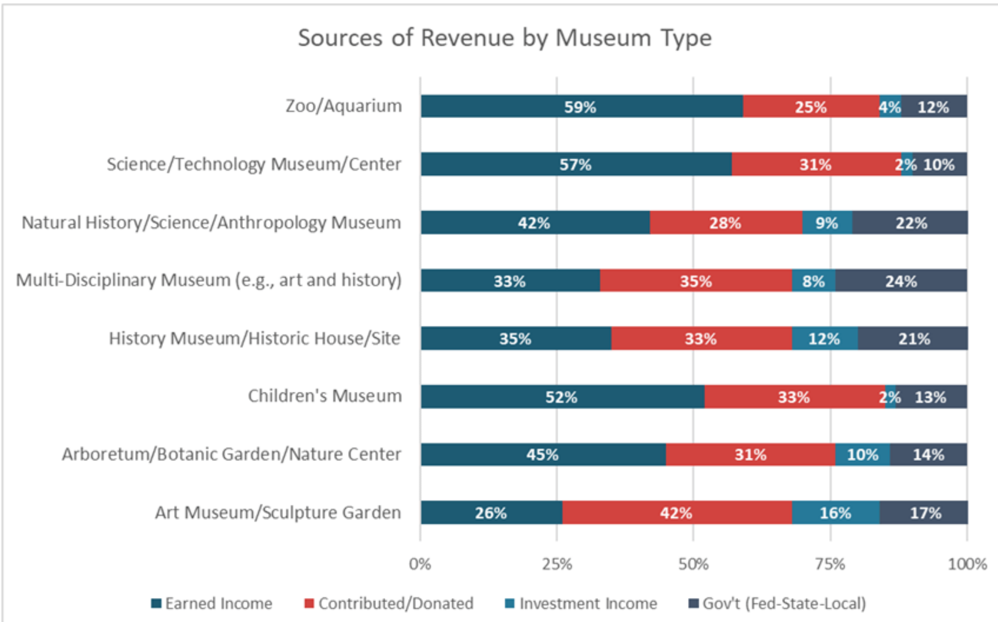
Resources

- Meet the Moment, *Trust-based Philanthropy Project*. This site includes a list of grantmakers and donors who have signed a commitment to engage in progressive giving practices to better support their nonprofit recipients in difficult times. trustbasedphilanthropy.org/meet-the-moment

- Museum Philanthropy & Fundraising Tipsheet, *American Alliance of Museums*. This tipsheet summarizes the transcript of a webinar presented in 2024 by Charles Katzenmeyer, Eowyn Bates, Amy Burt, Shannon Joern, and Ginevra Ranney. (AAM member resource.) aam-us.org/2024/04/12/museum-philanthropy-fundraising-tipsheet/

Investment Income

Some Context
The portion of a museum's income derived from investments varies widely by organizational type and size, averaging 2 percent for science/technology centers and children's museums and 16 percent for art museums. (That data is from Museum Board Leadership 2017: A National Report, but the figure in the published report contains an error. See the corrected figure, below.) In the 2024 Museum Board Leadership data, the overall average for the field was 13 percent.



CORRECTED FIGURE 3 FROM MUSEUM BOARD LEADERSHIP 2017: A NATIONAL REPORT, AAM.

EO Impact on Investment Income
President Trump's frequent changes in direction regarding policy (tariffs, deportations, taxes) make it hard to provide any stable analysis of market projections for 2025. However, one thing that holds true is that "the markets hate uncertainty," and these times are nothing if not uncertain. Even a single remark can have seismic repercussions: the DOW fell one thousand points in April after Trump criticized Federal Reserve Chair Jerome Powell. Overall, this presidential term started with the worst "first one hundred days" for the markets since 1974. For historical context, the last time the U.S. experienced a profound market shock, during the 2008-2012 financial crisis, over 63 percent of museums reported their investment income declined (Service Despite Stress, AAM 2010). On the upside, the stock market has been performing well, nearing record highs despite significant uncertainty around tariffs and escalating global conflict.

Bright Spot
President Trump is very bullish on cryptocurrency, and has disclosed over $57 million in income from his own crypto firm in 2024. His campaign promise to make the U.S. the "crypto capital" of the world has led him to roll back some of President Biden's regulations of the crypto industry. One executive order declares the administration will "support the responsible growth and use of digital assets,

blockchain technology, and related technologies across all sectors of the economy" and another establishes a U.S. Strategic Bitcoin Reserve. Several states are diversifying their portfolios to include Bitcoin (the most mainstream cryptocurrency), betting they have significant potential for growth, as well as serving as a hedge against inflation.

Nonprofits have been integrating cryptophilanthropy into their fundraising over the past five years. If the current administration's policies lead to a surge in cryptowealth, that could impact individual giving (so add this as a bright spot for charitable contributions as well). To date, most nonprofits that accept cryptocurrency donations immediately convert it to cash, because of the extreme volatility of the crypto market. However, if crypto is about to experience a sustained surge, backed by federal policy, it may become a profitable (albeit still risky) form of investment in coming years. (Please, don't take that as an expert recommendation. Consult your financial advisor!)

Something to Watch

If, as some analysts expect, the administration's policy initiatives trigger a profound and extended shock to the national economy, it will be the third such disruption in the past two decades. During the first two—the 2008-2012 financial crisis and the COVID-19 pandemic—many nonprofits drew on their savings to keep the doors open and retain staff. A common goal for nonprofit reserve funds is three to six months. Early in the pandemic, one third of directors feared their museums were at risk of permanent closure; over half had six months or less of operating reserves on hand, and four years later, only half had rebounded to pre-pandemic attendance levels.

The twenty-first century has been described as a "VUCA" world—volatile, uncertain, complex, and ambiguous. Many "once-a-century" climate events such as floods and storms are becoming yearly occurrences. In this fragile and deeply interconnected global economy, once-rare extended economic shocks are becoming more common as well. This being so, museums may need to increase their financial buffers, including the size of their operating reserve, as a normal part of risk management. What should be the new benchmark for prudent reserves? The last few months have shown what a profound effect federal policies can have on all major sources of museum income, and in the future, it may be more common for each new presidential administration to create significant change. However, a four-year operating reserve is probably an unreasonable goal.

Resources

- Demystifying Cryptocurrency Donations: A Guide for Nonprofit Leaders, *Nonprofit Financial Commons*. This guide helps nonprofit leaders decide whether and how to accept cryptocurrency donations. nonprofitfinancials.org/resources/demystifying-cryptocurrency-donations-a-guide-for-nonprofit-leaders/

- Impact Investing: Putting Your Museum's Money Where Your Values Are, *American Alliance of Museums*. This recorded session from the 2024 AAM Annual Meeting & MuseumExpo explores how endowments can be managed to promote social and environmental good in addition to providing financial return. A diverse panel of nationally recognized investment experts and museum staff discuss impact investing, what it takes to make this type of commitment, and where to turn for guidance. (AAM member resource.) aam-us.org/2024/07/11/impact-investing-putting-your-museums-money-where-your-values-are/

Growing Threats to Nonprofit Status

Charitable giving may fluctuate year to year, tourism ebbs and flows, a museum's endowment will perform better some years than others. That's normal and expected, and nonprofits have traditionally cobbled together a diverse set of income streams to buffer themselves from the vagaries of any one source. Bundled together, the four pillars of income—government, earned, charitable, and investment—create a stable base for museum operations, with one picking up the slack when another falters. However, these pillars rest on the bedrock of nonprofit status. Foresight—our early warning system for potential disruptions—suggests that growing pressure could lead to a seismic event that fractures that foundation. What are those pressures, what would the fallout look like, and how might museums prepare for such an event?

Some Context

Historically, American nonprofits have been responsible for many of the functions performed by government elsewhere in the world, from providing a social safety net to fostering art and culture. While the government provides critical support via grants and contracts, much of this work is funded by private contributions, incentivized by charitable tax deductions. The Internal Revenue Code establishes over thirty categories of tax-exempt nonprofit organizations, the largest of which, 501(c)(3) public benefit charity (often referred to as private nonprofits), contains 77 percent of U.S. museums (Museum Board Leadership: A National Report 2024, AAM).

It is hard to overstate the influence of the independent sector, as it is known, on U.S. society, the economy, and the health of our communities. Roughly two million nonprofit organizations were registered with the IRS in 2023, and contributed more than $1.4 trillion to the U.S. economy. As of 2022, the nonprofit workforce was nearly 12.8 million, constituting nearly 10 percent of all non-government employment.

The executive orders and actions of the current administration are damaging the financial stability of this critical sector directly, through the cancellation of grants and contracts, indirectly, through the impact on the economy, charitable giving, travel and tourism, etc., and through a sudden and unfunded increase in the demand for services. But above and beyond that damage, there are some indications that federal policy is shifting to restrict the ability to qualify for nonprofit status or erode the financial benefits of being a nonprofit at all.

Some Signals of Change

Nonprofits have historically been secure in their tax-exempt status as long as they don't violate any of six basic rules (helpfully outlined in the IRS publication "How to lose your 501(c)(3) tax-exempt status (without really trying)"). However, it's more common to lose nonprofit status for failing to file the basic paperwork. In 2010, the IRS removed over 275,000 nonprofits from the rolls of tax-exempt organizations, most of which, by all evidence, had simply ceased to do business.

But recently, proposals to eliminate or restrict nonprofit status have accelerated for a combination of budgetary and policy reasons. Here are a few of these recent signals of change:

- In June 2024, the Tax Foundation published a paper titled "Reining in America's $3.3 Trillion Tax-Exempt Economy" in which their president emeritus, Scott Hodge, proposed a rule that would require an organization to receive at least 80 percent of its income from private individuals and grants from charitable foundations in order to qualify for nonprofit status.

(Currently, museums receive an average of 30 percent of their income from these sources.) Hodge also endorsed applying the 21 percent corporate income tax rate to all "program service revenue." (For museums, that would include admissions and program fees, space rentals, etc.)

- Also in 2024, the House passed the Stop Terror-Financing and Tax Penalties on American Hostages Act, which would have given the Treasury Secretary broad authority to designate nonprofit organizations as supporters of terrorism and revoke their tax-exempt status. (A coalition of nonprofit associations published a letter opposing the bill, pointing out how such authority could be abused.) That bill passed the House in 2024, but then died in the Senate. In 2025, the House Ways and Means Committee included a similar provision in its budget reconciliation bill, but it was removed before the legislation passed the House.
- In January 2025, the House Ways and Means Committee prepared a report identifying various ways to pay for the tax cuts proposed in the current budgets. One item in that long list was "eliminate nonprofit status for hospitals," yielding an estimated $260 billion in savings over ten years.
- In June, the House Committee on Homeland Security launched a probe of over two hundred nonprofit organizations that assist migrants and refugees, requiring them to disclose any aid (legal or translation services, housing, shelter, etc.) they had provided to "illegal immigrants or unaccompanied alien children."
- Also in June, the U.S Treasury confirmed it was considering changing rules in order to allow the IRS to revoke tax-exempt status for colleges that take race into account in student admissions, scholarships, and other areas. This change could be implemented without congressional approval.

There have also been escalating attacks on specific parts of the nonprofit sector, notably nonprofit hospitals (see proposal above) and higher education. Often beginning with reputational attacks, they have progressed to concrete actions. The most prominent cases right now are the administration's attacks on Columbia and Harvard universities, using leverage ranging from cancellation of funding to banning foreign students to compel these institutions to comply with the EO banning "illegal DEI" and to foster "viewpoint diversity." (Interesting side note: this strategy is not without precedent—in 1983 the Supreme Court ruled that the IRS was within its rights to revoke the tax-exempt status of Bob Jones University for engaging in racial discrimination, which the court ruled was "contrary to a compelling government policy.")

Even prior to 2024, there were weak signals suggesting the potential erosion of nonprofit status. In 2011 CFM published a summary of how various states were beginning to look to nonprofits as a source of additional income via Payments in Lieu of Taxes. In 2016, we drew attention to Senator Orrin Hatch's investigation into the nonprofit status of some museums founded by individual living collectors. In 2018, CFM convened a small group of museum people to develop a scenario, titled Wild Times, describing one version of 2040 in which almost all American arts and culture organizations have lost their nonprofit status due to the combined disruptions of a global pandemic, a financial crisis, and the election of a conservative president. This story was deemed believable, if unlikely, seven years ago. Now, as the Cone of Plausibility expands into the Hemisphere of Who the Heck Knows, it is becoming even more credible, in part because attacks on nonprofits are being used as a political tactic by the current administration.

What Is Driving This Trend?

Republicans need to find money to offset the tax cuts they want to provide to wealthy Americans, businesses, and large corporations. According to one recent estimate, that totals $4.2 trillion. Why look to nonprofits as a source for those funds? As Willy Sutton said, when asked why he robbed banks, “that’s where the money is.” (Or in this case, at least some of the money.) As noted earlier in this report, 346 of the largest charitable foundations in the U.S. collectively hold $900 billion in assets. Harvard’s endowment alone was worth $52.2 billion in 2024; the combined value of the ten largest university endowments in the U.S. is about $340 billion, and in 2021 the collective endowments of all U.S. colleges and universities was about $927 billion.

This focus on nonprofit endowments and operations is also driven by a political agenda—the belief held by some that philanthropy and higher education are both predominantly left-leaning and growing in their power and influence. The influence of foundations has soared in the past thirty years, reflected in the fact that they now comprise one third of charitable giving, compared to less than 7 percent in 1992 (Philanthropy 1992-2022, Dorothy A. Johnson Center for Philanthropy). Vice President Vance has characterized foundations as “social-justice hedge funds” and called the Gates and Ford Foundations “cancers upon society.” When he proposed forcing wealthy foundations to use 20 percent of their assets each year, it was because he wanted them to spend themselves out of existence and sunset their agendas.

Bright Spot

As the National Council of Nonprofits has pointed out, the executive branch lacks the authority to target the nonprofit status of specific organizations. The courts have blocked the administration’s efforts to interfere with Harvard’s ability to accept international students, and sixteen Republican-led states have backed Harvard’s lawsuit challenging the federal freeze on billions of dollars in funding.

Also, it has become clear in recent months that the president is attuned to public opinion. And public opinion is firmly on the side of museums:

- 97 percent of U.S. adults believe that museums are educational assets for their communities.
- 89 percent believe that museums contribute important economic benefits to their communities.
- 96 percent would think positively of their elected officials taking legislative action to support museums.
- 96 percent want federal funding to be maintained or increased.

(Data from Museums & Public Opinion, Wilkening Consulting, American Alliance of Museums, 2018)

The president is particularly open to feedback from business leaders. In April, Trump backed down on his threats to fire Federal Reserve Chair Powell after the CEOs of major retailers warned him of the dire economic consequences of that action. What would be the “dire economic consequences” of a Wild Times scenario, in which a majority of NGOs lose their nonprofit status? When we worked on the scenario in 2018, CFM invited a small group of researchers, academics, and financially savvy folks to estimate the impact. They came back with some broad extrapolations:

- ~250,000 NGOs closed (that would be about 8 percent of the current nonprofit sector)
- ~Eight million direct layoffs (60 percent of the NGO workforce)
- ~Eight million for-profit jobs destroyed (5 percent of the for-profit workforce)
- Estimated economic damage between $20-200 billion

To benchmark these projections against what is already happening: the *Nonprofit Times* has estimated that as of May, only four months into the new administration, over fourteen thousand nonprofits in the U.S. were at risk of exhausting their cash within three months if they lost their federal grant funding, endangering nearly 2.8 million jobs.

Museums might consider who in their orbit—board members, donors, influential community members—might make the case to the president that the consequences of effectively dismantling the nonprofit sector would be economically unsustainable.

Something to Watch

If nonprofit status itself comes under attack, then what? Some organizations are exploring options. One provision of the Meet The Moment Pledge is to “explore funding beyond the conventional 501c3 structures, such as LLCs, 501c4s, fiscally sponsored organizations, mutual aid networks, and donor circles.” “If you have partners that are particularly vulnerable to targeting,” the pledge suggests, “support them in identifying fiscal sponsorship or other alternative structures that can provide them with greater protection from potential threats.” Essentially, the Trust-based Philanthropy Project (parent of the pledge) is admitting that in coming years, nonprofit governance may, in and of itself, become a risk factor, requiring nonprofits to look for alternate structures to shield their funds.

Responding to EO Impact

Here are a few strategies that museums might deploy to navigate the financial disruptions outlined in this report. This list is compiled from discussion forums, webinar chats, blog posts, and correspondence. If you have ideas to add to this list, please share them via a post on the CFM Community on Museum Junction.

Short-term

- Analyze how the current executive orders and actions, and the new tax bill, impact the museum's operations. For museums within parent organizations, whether that is a university, a government agency, or a for-profit corporation, that may involve projecting the long-term, downstream effect of government actions and policies.
- Identify areas of risk, whether due to the potential for anti-DEI actions or loss of grant funding.
- Ask donors who have pledged matching funds to continue, or even increase, their support even in the wake of grant cancellations.
- Ask foundation funders to modify restrictions on existing or new grants to make reporting less onerous, and loosen spending restrictions, to meet immediate needs.

Medium-term

- Identify core supporters, committed to defunded work, who may step up to fill gaps in funding.
- "Identify the companies or individuals who have supported the museum in the past, but may be hesitant to do so in the future based on presidential priorities. Find people of influence (e.g., board members, donors) who may have leverage with those companies or individuals, to reinforce the importance of funding your work.
- Ask funders to allow the museum to repurpose already awarded funds to cover essential operating costs while the organization regroups.

Long-term

- Engage in advocacy at the local, state, and federal level to make the case for supporting museums through funding and policy.
- Engage with communities, funders, and legislators from across the political spectrum.
- Revisit your museum's business model and analyze the risks and opportunities around all income streams going forward.
- Identify the most stable sources of income, given current uncertainties, and shift your business plan to maximize these sources of funding.
- Explore underutilized sources of income, drawing on inspiration from peer museums that have developed innovative income streams.

Ending on an Up Note

I promised to conclude this report with some words of hope. That's a challenging promise to keep: the bad news often seems overwhelming, the bright spots few and far between. The president has issued 170 executive orders (up from 139, when we began compiling this resource in May) and the National Council of Nonprofits continues to tally the effect the orders are having on nonprofits. Many of the most damaging actions are being challenged, thanks to nonprofit advocates (including museums), but it will take a long time for the issues to wend their ways through the courts. The country is also waiting to see whether the administration will comply with the courts' final rulings. Even successful challenges to executive orders and actions will leave in their wake damage that is difficult to repair. How, in the face of these forces, can ordinary citizens, our organizations, and the nonprofit sector make a difference?

It may be no surprise that I found my answer to that challenge in data, research, and a little math.

In 2011, Harvard researchers Erica Chenoweth and Maria Stephan published a study of non-violent civil resistance campaigns from 1990-2006. They found that every campaign that mobilized at least 3.5 percent of the population in sustained protest was successful. (See this TEDx talk from 2011 in which Dr. Chenoweth talks about the "3.5 percent rule" and what she has learned about successful civil protest.)

Applying that rule to the current situation, it turns out that there are:

- About 12.8 million NGO workers in the U.S.
- Out of a total U.S. population of 340 million
- 12.8 million / 340 million = 3.7%

Per Chenoweth's rule, if museum people join with all their nonprofit kin, and speak with a united voice, we are an unstoppable force.

If we focus on the things we agree on—that the nonprofit sector is the essential backbone of the nation, that we provide nonpartisan support to all communities across the country, that we make America healthier, happier, and better educated—we can prevail.

WE GOT THIS, PEOPLE.

Yours in optimism and solidarity,

Elizabeth

Elizabeth Merritt, Vice President, Strategic Foresight and Founding Director, Center for the Future of Museums, American Alliance of Museums