

Does Money Matter?

Visitor Awareness and Perception of Museum Funding Models

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Abstract

Recently, traditional sources of museum funding have seen significant shifts in availability and character. While debate about the benefits and challenges associated with these shifts continues, the conversation is part of a larger consideration of what it means to be a museum today. Noticeably absent from this conversation, however, is the voice of those who have the most at stake – the museum visitor. The goal of this research was to determine visitor awareness and perception of museum funding models. Through interviews with visitors at two midsized museums in Seattle, Washington, the findings suggested that visitors had a limited awareness of how museums obtain and engage funders. Visitors were most aware of general revenue categories and funders who were displayed in the museum. While visitors considered funding to impact museum operations and their own museum experience, they considered these impacts to be focused on capacity or scale, rather than museum behavior.

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Chapter 1: Introduction

In a 2009 Center for the Future of Museums blog post, “Forecasting the Financial Future of Museums: Part II,” Elizabeth Merritt acknowledged, “the outlook for [the] traditional sources of museum income is just plain discouraging.”¹ Citing declines in government funding and private contributions and the challenges associated with earned and investment income during a time of economic hardship, Merritt proposed a number of alternatives. While she was the first to admit that her suggestions ranged from the “heretical to the wacky,”² her priority was not how to replace these major sources of revenue, but rather, to start a conversation about how doing so might impact what we know about museum behavior.³

Take her first suggestion: encouraging struggling museums to fail in order to grow the funding pie by removing some of its consumers. Accepting the premise that some museums are less deserving of funding than others brings up important questions, not the least of which is “What or who determines which museums close?”⁴ Merritt’s other suggestions carry similar significance. The exchange of visitor data for corporate sponsorship would require a fundamental reassessment of “the genteel boundaries [museums] have drawn to protect [their] reputation and sense of independence.”⁵ As for another of Merritt’s suggestions, creating entirely new forms of capital through virtually monetizing their unique and held in trust assets, Merritt asked, would this result in museum collections becoming merely adornments for the “homes of people’s online

¹ Elizabeth Merritt, “Forecasting the Financial Future of Museums Part II: What Are Our

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

avatars?”⁶ For Merritt, new or changing funding models have far-reaching impacts not only on how museums operate but also on how they define their roles in a larger social context.

Recently, traditional sources of museum funding have seen significant shifts in availability and character. While debate about the benefits and challenges associated with these shifts continues, the conversation is part of a larger consideration of what it means to be a museum today. The purpose of this study was to determine visitor awareness and perception of museum funding models. As museums continue to seek innovative and meaningful ways to connect to their audiences, museums should seek to understand the extent to which visitors are aware of these shifts, their potential to impact museum behavior and whether or not they even care.

While the nonprofit sector as a whole has seen revenue growth in the years since Merritt’s blog post, the arts, culture and humanities subsector has not recovered from pre-recession levels.⁷ As government support of museums continues to decline,⁸ philanthropy increasingly looks towards social entrepreneurship, impact investing and resource intensive evaluations to fund what is “proven” to work⁹ and, as museums confront the ethical implications associated with corporate sponsorship¹⁰ and a reliance on earned income,¹¹ the discussion Merritt sought to initiate is more relevant than ever.

⁶ Ibid.

⁷ Brice S. McKeever and Sarah L. Pettijohn, “The Nonprofit Sector in Brief 2014: Public Charities, Giving, and Volunteering” (Urban Institute Center on Nonprofits and Philanthropy, October 2014), 9.

⁸ American Alliance of Museums, “America’s Museums Reflect Slow Economic Recovery in 2012” (Washington, D.C.: American Alliance of Museums, April 2013), www.aam-us.org, 3.

⁹ Merritt, “For Profit for Good: The Rise of the Social Entrepreneurs,” *Trends Watch*, 2014.

¹⁰ Merritt, “What Do Ethical Consumers Expect of Museums?,” *Center for the Future of Museums*, accessed March 24, 2015, <http://futureofmuseums.blogspot.com>.

¹¹ Roy Ballantyne and David Uzzell, “Looking Back and Looking Forward: The Rise of the Visitor-Centered Museum,” *Curator: The Museum Journal* 54, no. 1 (January 2011): 85–92.

The concept that how organizations obtain and engage funding is related to organizational behavior is not a new one. Organizational theorists have developed a variety of frameworks that describe how institutions interact with their environment (financial and otherwise) for decades.¹² Reliant on a “patchwork of financial support”¹³ that includes public, private, earned and invested income, museums obtain revenue through a variety of mechanisms such as contributions, grants, fundraising events, membership dues and earned income.¹⁴ While this list is not exhaustive, it describes the variety of ways museums structure their funding models.

Largely understood as public in nature,¹⁵ museums are increasingly relying on nonpublic sources of funding. As development staff strategize about how to navigate the shifts in the funding landscape, more research is needed to determine how visitors understand these decisions. Is a museum still public if it is over reliant on large-scale donors? Is it still authentic if corporate logos increasingly appear on our gallery walls? Is it still accessible if admission fees increase? While these questions have been discussed in academic journals, during museum conferences and in blog posts and articles online, they have yet to include the visitor perspective in a significant way.

¹² Brian Rowan, “Organizational Institutionalism at Stanford: Reflections on the Founding of a 30-Year Theoretical Research Program,” in *Stanford’s Organization Theory Renaissance 1970-2000*, vol. 28, Research in the Sociology of Organizations (Bingley, United Kingdom: Emerald Group Publishing, 2010), 3.

¹³ Institute of Museum and Library Services, “Exhibiting Public Value: Government Funding for Museums in the United States” (Washington, D.C., 2008), 8, <http://www.imls.gov>.

¹⁴ Kevin P. Kearns et al., “How Nonprofit Leaders Evaluate Funding Sources: An Exploratory Study of Nonprofit Leaders,” *Nonprofit and Voluntary Sector Quarterly* 43, no. 1 (2014): 121.

¹⁵ Carole Rosenstein, “When Is a Museum a Public Museum? Considerations from the Point of View of Public Finance,” *International Journal of Cultural Policy* 16, no. 4 (November 2010): 450.

Chapter 2: Literature Review

The intent of this literature review is to provide an overview of recent trends in museum funding models. The first section of this chapter briefly describes the recent state of funding across the nonprofit and museum sectors in America. The second section of this chapter explores recent shifts in major sources of museum funding by type (government support, private contributions and earned income) and provides an overview of how nonprofit leaders and museum professionals understand these revenue sources to impact the field.

While there is a large body of literature on how nonprofit organizations are impacted by funding models, much of this literature focuses on the sector as a whole, frustrating attempts to apply these findings to the museum field. Additionally, few comprehensive studies regarding funding and their impacts on museum operations and behavior have emerged from the museum community. As a result, this literature review supplements available literature from the nonprofit and museum field with information collected from more informal writings about museum funding such as blogs and interviews.

The most recent *Giving USA* report, an annual report of charitable and philanthropic giving in the United States, found overall financial growth across the nonprofit sector in the years between 2002 and 2012.¹⁶ Total revenue for reporting nonprofits increased by 42% during these ten years with most of that growth occurring from 2002-2007.¹⁷ While increases in revenue slowed during and after the recession, growth continued sector wide.¹⁸ This growth, however, varied across subsectors. While arts, culture and humanities organizations saw modest growth in revenue from 2002-2007 (24% compared to the sector wide rate of 34% during this time), this

¹⁶ Brice S. McKeever and Sarah L. Pettijohn, “The Nonprofit Sector in Brief 2014: Public Charities, Giving, and Volunteering,” 8.

¹⁷ Ibid.

¹⁸ Ibid.

subsector saw the largest decline in total revenue in the years after the recession.¹⁹ Of the six subsectors reporting declines from 2007-2012, arts, culture and humanities organizations saw an overall 13% decrease in revenue compared to an average of 4% among other subsectors reporting declines.²⁰

In their 2013 *Annual Condition of Museums and the Economy* report, the American Alliance of Museums (AAM) described American museums as slowly recovering from the 2008 recession. Of responses from senior administrators at 347 member museums, more than 67% reported that their institutions were experiencing moderate, severe or very severe economic stress.²¹ While 2012 data represented “the lowest level of reported [economic] stress”²² since 2009, AAM stated any optimism about the future from respondents “was tempered by the slow pace and incomplete scope of recovery in 2012.”²³

While museums were more likely to report increases in revenue from private donations, earned income and investments in 2012, museums were more than twice as likely to report a decline in public support.²⁴ And this, AAM reminds us, “was on top of widespread declines in government support in 2009, 2010 and 2011.”²⁵ While fewer museums reported declines in government revenue in 2012 (35% of reporting museums compared to 45% in 2009),²⁶ it remains the slowest growing source of revenue.²⁷

¹⁹ Ibid., 7.

²⁰ Ibid.

²¹ American Alliance of Museums, *America's Museums Reflect Slow Economic Recovery in 2012* (Washington, D.C.: American Alliance of Museums, April 2013) 2.

²² Ibid., 4.

²³ Ibid.

²⁴ Ibid., 3.

²⁵ Ibid.

²⁶ Ibid., 9.

²⁷ Ibid.

In her 2010 article “When is a Museum a Public Museum?,” Carol Rosenstein attributes the decrease in government support of museums to shifts in the relationship between the state and cultural sector.²⁸ Rosenstein argues:

Since the 1980s, arts advocates and...cultural policy researchers in the USA have worked in a conservative political context in which government spending was assumed to be inefficient and corrupting. Those assumptions grounded the systematic defunding of the federal public cultural sector.²⁹

Recurring debates about tax reform continue to breathe life into proposals that some worry “mischaracterizes museums and the federal agencies that support them.”³⁰ The 2014 AAM authored “Letter to House Budget Chairman Ryan and Ranking Member Van Hollen,” signed by 66 national, regional and state museum associations, argues that the language used in debates about tax reform “diminishes the role”³¹ of federal funding of museums. The letter states, “we do appreciate the sentiment that private giving should be encouraged, though we believe this is true not as a *substitute* for federal funding, but a vital complement to it.”³² In 2015, Maine became the first state to propose property taxes for some nonprofit organizations, raising concerns among some about what Governor Paul LePage’s statements, that nonprofits are “takers, not givers,”³³ portends for the future of nonprofit-government relations.³⁴

These concerns are rooted in very real economic considerations. Recently, the Charitable Giving Coalition estimated that proposed changes to the longstanding charitable giving tax

²⁸ Rosenstein, “When Is a Museum a Public Museum?,” 463.

²⁹ Ibid.

³⁰ “Issues,” accessed May 26, 2015, <http://www.aam-us.org/advocacy/issues>.

³¹ American Alliance of Museums, et al, “Letter to House Budget Chairman Ryan and Ranking Member Van Hollen,” May 12, 2014.

³² Ibid.

³³ The Associated Press, “Maine Considers a Property Tax on Some Nonprofits,” *The New York Times*, March 7, 2015, www.nytimes.com.

³⁴ “Maine Nonprofits Not Takers, as Governor Suggests,” *Maine Association of Nonprofits*, accessed May 26, 2015, <http://www.nonprofitmaine.org>

deduction included in President Obama's 2016 fiscal year budget could result in a \$9.4 billion sector wide loss of revenue in the first year alone.³⁵ Government support, although inconsistent across the sector,³⁶ remains a significant contributor for most museums. In their 2008 report, *Exhibiting Public Value: Government Funding For Museums in the United States*, the Institute of Museum and Library Services found that while there was "no consistent pattern of public support across the museums sector,"³⁷ when removing government administered museums from analysis, public support accounts for an average of 20% of total revenue of American museums.³⁸

For its detractors, government support "crowds out" private giving and widespread community engagement. Alfred Brooks has argued in his 2000 article, "Public Subsidies and Charitable Giving," that organizations receiving more than a "low level"³⁹ of government support obtain a quasi-public status in the eyes of potential donors, discouraging widespread giving.⁴⁰ For Brooks, organizations that receive little public support maximize private giving, creating a "more democratic"⁴¹ institution by delegating the decision to fund an organization to individuals who chose to support it.⁴² Similarly, in his 2008 article "When Government Becomes the Principal Philanthropists," Chao Guo has argued that an overreliance on public money reduces community

³⁵ Charitable Giving Coalition, "Written Statement for the Record to the Senate Finance Committee," April 15, 2015.

³⁶ Institute of Museum and Library Services, *Exhibiting Public Value: Government Funding for Museums in the United States* (Washington, D.C., 2008), 8, www.imls.gov.

³⁷ *Ibid.*, 26.

³⁸ *Ibid.*, 8.

³⁹ Arthur C Brooks, "Public Subsidies and Charitable Giving: Crowding Out, Crowding In, or Both?," *PAM Journal of Policy Analysis and Management* 19, no. 3 (2000): 461.

⁴⁰ *Ibid.*

⁴¹ *Ibid.*, 462.

⁴² *Ibid.*, 461.

representation among nonprofit board members through its preference for a well-connected social elite.⁴³

For Guo and Brooks, organizations receiving significant funds from the public purse are less inclined to represent community interests. For others, public money has the opposite effect. Carol Rosenstein has argued that government support increases equity and responsiveness in museums. Public monies that either represent the majority of a museum's income, support general operating costs, are administered by civil cultural administrators or are part of a larger cultural system, "gain significance from the institutions, mechanisms, and systems through which they move [and] gain values that are concrete rather than abstract."⁴⁴ In this view, government support does not detract from public engagement but rather, "indicates that a museum is fulfilling a distinct public role."⁴⁵ Similarly, in her 2010 article "Museum as Soup Kitchen," Elaine Gurian described government money as democratizing. Gurian attributes the decline in government funding during the recession to the fact that museums had "failed to engaged funders adequately in the face of... economic plight."⁴⁶ Had museums proved their value as "essential"⁴⁷ social assets, the government would have been more inclined to continue their support. For Gurian, the process of seeking public money transforms museums from "currently

⁴³ Chao Guo, "When Government Becomes the Principal Philanthropist: The Effects of Public Funding on Patterns of Nonprofit Governance," *Public Administration Review* 67, no. 3 (June 2007): 467.

⁴⁴ Carole Rosenstein, "When Is a Museum a Public Museum? Considerations from the Point of View of Public Finance," *International Journal of Cultural Policy* 16, no. 4 (November 2010): 462–463.

⁴⁵ *Ibid.*, 450.

⁴⁶ Elaine H. Gurian, "Museum as Soup Kitchen," *Curator: The Museum Journal* 53, no. 1 (January 1, 2010): 72.

⁴⁷ *Ibid.*, 77.

less-than-useful local institutions into dynamic and community-focused ‘clubhouses’ for building social cohesion.”⁴⁸

While government support becomes scarcer, private contributions have become increasingly important for the museum and nonprofit sector.⁴⁹ However, while *Giving USA* reports that 2013 private charitable giving had increased 4.4% from the previous year, continuing an upward trend beginning in 2009, the arts, culture and humanities subsector tended to lag behind other nonprofits in receiving its benefits.⁵⁰ This trend is not unique to the post-recession years. In 2007, while 67% of U.S. households made charitable contributions, only 8% gave to the arts.⁵¹ Additionally, those that did give to the arts that year tended to look different from the donor demographics of the sector as a whole. High income earners, those with a household income of over \$200,000 or a net worth of over \$1 million, made up 70% of those who gave to the art and cultural subsector that year, with an average contribution of \$16,657.⁵²

While philanthropy continues to play an important role for museums, its intentions are shifting along with its demographics.⁵³ As former AAM president Ford Bell told the *New York Times* last year, “traditional donors are either dying, stepping back or turning it over to their children or grandchildren.”⁵⁴ These new donors, according to Kaywin Feldman, Director and

⁴⁸ *Ibid.*, 75.

⁴⁹ Gail Dexter Lord and Ngaire Blankenberg, “Why Cities, Museums and Soft Power,” *Museum*, April 2015, 40.

⁵⁰ *Giving USA 2014 Highlights* (The Giving Institute, 2014).

⁵¹ Joni Maya Charbo, Herold L. Vogel, and Margaret Jane Eyszomivski, “Towards an Arts and Creative Sector,” in *Understanding the Arts and Creative Sector in the United States* (Rutgers University Press, 2008), 20.

⁵² *Ibid.*

⁵³ David Gelles, “Wooing the New Patrons,” *The New York Times*, March 20, 2014.

⁵⁴ *Ibid.*

President of the Minneapolis Institute of Arts, represent “a new generation that behaves...differently than the last one.”⁵⁵

Social entrepreneurship and impact investing, two philanthropic trends to have recently emerged, have become “assumed parts of our [funding] landscape.”⁵⁶ These trends are largely rooted in the idea that for profit businesses might be more adept than the nonprofit sector to effect change.⁵⁷ The concept that nonprofits are less effectual than for profits is seen by some as contributing to a brain drain among staff, through an inability to compete with for profit salaries, and a donor drain among contributors, through a general distaste for funding overhead costs.⁵⁸ For others, a lack of access to capital hinders innovation. As Nina Simon wrote in her 2009 Museum 2.0 blog, “Unlike startups and rock stars, museums aren’t structured to shoot for the moon and burn up trying. They’re made to plod along.”⁵⁹

As Merritt wrote in a 2013 Trends Watch article, these new donors “fund according to measurable impact, rather than a fuzzy desire to ‘support the arts’ or help their community.”⁵⁹ This new generation of donors is part of a larger trend that has moved philanthropic giving in a “bean counting”⁶⁰ direction. While many foundations view performance evaluation as “an essential precursor”⁶¹ to strategic philanthropy, others criticize evaluative measures for being underfunded, complex, burdensome and flawed because there is no analogous measure to profit

⁵⁵ Ibid.

⁵⁶ Lucy Bernholz, “Philanthropy and the Social Economy: Blueprint 2015” (Grant Craft, 2014), 3.

⁵⁷ Raymond Dart, “The Legitimacy of Social Enterprise,” *Nonprofit Management & Leadership* 14, no. 4 (Summer 2004): 412.

⁵⁸ Dan Pallotta, *The Way We Think about Charity Is Dead Wrong*, 2013, <http://www.ted.com>.

⁵⁹ Merritt, “For Profit for Good: The Rise of the Social Entrepreneurs,” 10.

⁶⁰ David Callahan, “The New WhatsApp Billionaires and the Future of Philanthropy,” *Huffington Post*, February 22, 2014, <http://www.huffingtonpost.com>.

⁶¹ “Evaluation in Philanthropy: Perspectives From the Field” (Grantmakers for Effective Organizations, 2009), 2.

in the nonprofit sector.⁶² Anna Conner Snibbe, in her 2006 article, “Drowning in Data,” pointed to these concerns and argued, “Because so many people underestimate the difficulty and cost of demonstrating impact, nonprofits often collect reams of data that are not only useless, but also misleading.”⁶³ For others, the complexities involved contribute to strained relationships between grantors and grantees, undermining the ability for the two parties to work collaboratively.⁶⁴

In a 2010 PBS interview, Jeff Bezos, CEO of Amazon, stated that he was “convinced that in many cases for profit models improve the world more than philanthropy models.”⁶⁵ While still a major source of funding for the nonprofit sector, corporate sponsorship has recently seen a decline and, according to AAM survey results, is seen as an “especially uncertain” source of revenue.⁶⁶ In 2001, corporate philanthropic giving averaged 1.6% of pretax corporate income. By 2009, that percentage fell to 1.1%, or \$14.3 billion that year.⁶⁷

Additionally, as concerns for social justice, animal and labor rights and the environment continue to grow, so do concerns about accepting corporate sponsorships.⁶⁸ Merritt argues, “there is a growing skepticism about the efficacy of the firewalls museums create between major donors or corporate sponsors and the museum’s research and interpretation.”⁶⁹ One effect of this can be seen in the growing fossil fuel divestment movement pressuring nonprofits and public

⁶² Alana Conner Snibbe, “Drowning in Data,” *Stanford Social Innovation Review*, Fall 2006, 39–45.

⁶³ *Ibid.*, 40.

⁶⁴ Kent D. Fairfield and Kennard T. Wing, “Collaboration in Foundation Grantor-Grantee Relationships,” *Nonprofit Management & Leadership* 19, no. 1 (Fall 2008): 27–44.

⁶⁵ Amy Martinez and Kristi Heim, “Amazon a Virtual No-Show in Hometown Philanthropy,” *The Seattle Times*, March 31, 2012.

⁶⁶ American Alliance of Museums, “America’s Museums Reflect Slow Economic Recovery in 2012,” 3.

⁶⁷ Curt Weeden, “What’s the Right Amount to Give?,” in *Smart Giving Is Good Business: How Corporate Philanthropy Can Benefit Your Company and Society* (San Francisco: Jossey-Bass, 2011), 39.

⁶⁸ “What do Ethical Consumers Expect of Museums.”

⁶⁹ *Ibid.*

institutions, including museums, to financially distance themselves from the fossil fuel industry.⁷⁰

In 2007, the Associated Press charged that the Smithsonian had “toned down an exhibit on climate change in the Arctic for fear of angering Congress and the Bush administration,” refusing to directly link climate change to human activity.⁷¹ More recently, the Natural History Museum, a mobile museum and advocacy organization based out of New York and rooted in the Occupy Wall Street movement, has called to “to kick climate denier David Koch off the boards” of the Smithsonian National Museum of Natural History and the American Museum of Natural History.⁷²

As government support continues to decline, and, as museums struggle to make up the difference through philanthropic and corporate support, museums are asking new questions about their own ability to generate revenue.⁷³ Of concern for some is the notion that a focus on earned revenue commercializes cultural offerings or forces out a segment of the population who can’t afford to partake in them. Roy Ballantyne and David Uzzell posited in their 2011 article, “Looking Back and Looking Forward,” that the rise of the visitor-centered museum, with its emphasis on the “Wow Factor,” is the result of widespread declines in government funding and could ultimately cause museums to “become shopping malls with some nice objects you can browse.”⁷⁴

Although Janelle A. Kerlin and Tom H. Pollak’s 2011 study, “Nonprofit Commercial Revenue,” shows no causation between a decline in contributions and a rise in commercial

⁷⁰ “Divestment Commitments,” accessed May 26, 2015, <http://gofossilfree.org>.

⁷¹ Brett Zongker, “Smithsonian Accused of Altering Exhibit,” *The Washington Post*, May 22, 2007, www.washingtonpost.com.

⁷² “Home,” accessed May 11, 2015, www.thenaturalhistorymuseum.org.

⁷³ Sarah Cortell Vandersypen, “A Genealogy: Tracing the Origins of Museum Admission Charges,” *The Journal of Arts Management, Law, and Society* 42 (2012): 185.

⁷⁴ Roy Ballantyne and David Uzzell, “Looking Back and Looking Forward: The Rise of the Visitor-Centered Museum,” 88.

revenue among American arts organizations,⁷⁵ this concern reflects a larger consideration that an overreliance on earned income is restrictive in practice.⁷⁶ For some, the debate is “slanted towards moral and ethical considerations”⁷⁷ associated with asking visitors to pay for museum services. In a 2014 blog post describing the challenges of transitioning to a free museum, Simon acknowledged that while the financial argument for removing admission fees is more difficult, “the philosophical rationale is simple: if we are really a community institution, an institution for and with the public, we should be free.”⁷⁸

⁷⁵ Janelle A. Kerlin and Tom H. Pollak, “Nonprofit Commercial Revenue: A Replacement for Declining Government Grants and Private Contributions?,” *The American Review of Public Administration* 41, no. 6 (November 1, 2011): 694.

⁷⁶ Jeanne Vergeront, “Museum Notes: Pay as You Will: An Experiment in Free Admission,” *Museum Notes*, August 17, 2013, <http://museumnotes.blogspot.com>.

⁷⁷ Rosenstein, “When Is a Museum a Public Museum?,” 450.

⁷⁸ Nina Simon, “Is There a Formula for Free Admission?,” *Museum 2.0*, January 14, 2015, www.museumtwo.blogspot.com.

Chapter 3: Methods

Research Goals and Questions

The goal of this research was to describe visitor awareness and perception of museum funding models. To achieve this goal, three research questions were developed to measure the level of awareness and perception of museum funding models. These questions are:

1. Are museum visitors aware of museum funding models?
2. Do museum visitors perceive funding to impact museum operations?
3. Do museum visitors perceive funding to impact their museum experience?

Research Sites

Two Seattle area museums, the Northwest African American Museum (NAAM) and the Nordic Heritage Museum (NHM) were selected as research sites. These institutions were identified as potential sites because of their similar budget size (\$1,017,611 and \$1,798,667 for 2014, respectively), geographic location (Seattle) and discipline (ethnic heritage). These metrics were chosen to reduce variability across the two participating institutions. A similar sample could have included any two or more institutions with a similar budget, location and discipline.

From early efforts by local community organizations and activists, the Northwest African American Museum opened its doors in 2008 and is located in the Colman School Building in Seattle's Central District.⁷⁹ The mission of NAAM is to “spread knowledge, understanding and enjoyment of the histories, arts and cultures of people of African descent for the enrichment of

⁷⁹ Northwest African American Museum, “History,” accessed May 16, 2015, <http://www.naamnw.org/history>.

all.”⁸⁰ NAAM accomplishes this mission by connecting the Pacific Northwest experience to people of African descent and to “investigate and celebrate Black experiences in America.”⁸¹

The Nordic Heritage Museum opened in 1980 in the Ballard neighborhood in the Daniel Webster Elementary School Building and has a mission to share “Nordic culture with people of all ages and backgrounds by exhibiting art and objects, preserving collections, providing educational and cultural experiences, and serving as a community gathering place.”⁸² NHM seeks to inspire people from all backgrounds by the “values, traditions, art and spirit of the Nordic peoples.”⁸³

Data was collected during March and April of 2015 and included four weekend days, three regular weekdays and one free “First Thursday,” a monthly Seattle museum community event that provides free admission for many area museums on the first Thursday of every month.

Methods

This study relied on quantitative and qualitative data collected from 42 visitor interviews, with 19 interviews conducted at NAAM and 23 interviews conducted at NHM. Where participants did not answer a specific question, they were excluded from the sample size.

Interviews were designed to describe the awareness and attitudes of visitors towards museum funding models. Interviews were semi structured, designed to take no more than five minutes and conducted at predetermined locations chosen to ensure participants were likely to have been in the museum for more than 10 minutes and were unlikely to be directly engaged with exhibits or programs.

⁸⁰ Northwest African American Museum, “Mission & Vision: Northwest African American Museum,” accessed May 16, 2015, <http://www.naamnw.org/mission-vision>.

⁸¹ Ibid.

⁸² Nordic Heritage Museum, “About the Nordic Heritage Museum,” accessed May 16, 2015, <http://www.nordicmuseum.org>.

⁸³ Ibid.

Sampling

In order to provide a representative sample of adult museum visitors in the Seattle area, the study relied on purposive sampling, with visitors selected as potential participants based on subjective indicators of age and assigned to one of the following categories: adults who appear young who are visiting without children (16 surveys), adult visitors with young children (12 surveys), adults who appear to be senior who are visiting either alone or in a group of adults (14 surveys). In some cases, groups of two visitors participated in an interview and were counted as individuals for the questions they answered independently from one another.

Potential participants were approached in person and were informed of the goal of the research. Visitors who agreed to participate were read a statement of consent, which informed visitors of their right to discontinue the interview at any time. Interviews were not audio or visually recorded, however, the researcher took field notes.

Visitor Interviews

The interviews were structured so that participants were asked successively about their awareness of museum funding models, their perception of potential impacts of museum funding models and how these impacts might influence their museum experience. To describe the level of visitor awareness of museum funding models participants were asked questions such as, “Please list all sources of funding this museum might receive” or, “Please describe something you have seen during your visit that indicates a source of funding.” To determine how visitors perceived funding models to impact museum operations participants were asked opinion questions such as, “Do you believe funding sources impact museum operations, exhibits or programming.” Lastly, to determine how visitors perceived funding to impact their museum experience visitors were asked reflective questions such as, “If you believe funding sources

impact museum operations, exhibits or programming, how important are these impacts to your museum experience?”

In many cases, visitors were provided prompts either to clarify concepts or the intent of the question. For example, for the question, “Do you think different funding sources would have different impacts” on museum operations, exhibits or programs, visitors were often asked to consider how a donation from an individual might have a different impact than money received from a grant or from money raised at a museum fundraising event.

Visitors were also asked to identify as a member, volunteer or donor at the museum serving as a research site or another museum. In consideration of consistency and clarity of language, visitor groups are subsequently referred to as “members” (9 surveys) “members of other museums” (10 surveys) and “non-members” (23 surveys).

Data Analysis

Data collected from these interviews were analyzed using Excel software. Quantitative data was entered directly into spreadsheets and qualitative data utilized an emergent, inductive coding schema prior to analysis. For example, coding categories for the question, “Do you believe funding impacts museum operations, exhibits or programs?” included references to capacity or scale, messaging and quality. Participant responses such as “When there is money, you can grow from small to huge” and “Without money you would have fewer exhibits, fewer staff and fewer open hours” were coded as references to capacity or scale because of the suggestion that funding related to the size of museum operations or its potential to grow. Participant responses such as funders “decide what exhibits you have” or “money fetters the message” were coded as references to museum messaging because of the suggestion that funding had the potential to change what the museum exhibited or programmed. Responses such as “more

money would mean better visuals” or more funding provided for “more learning styles” were coded as references to quality due the suggestion that funding could enhance the quality of the museum. A more comprehensive example of the coding schema can be found in the Appendix.

Limitations

To obtain a representative sample of museum visitors this research was conducted on a variety of week and weekend days including one “First Thursday” during the months of March and April of 2015. However, because only two research sites were identified for the collection of data, there are limits to generalizing the results of this study to the larger community of Seattle adult museum visitors. Additionally, as the sample was selected on subjective criteria associated with characteristics of age, researcher bias must be considered in regards to the sample selection process.

Another limitation can be attributed to the qualitative nature of the questions included in the interview. The concepts of “sources of funding” and “impacts of funding” were left largely undefined in order to limit any researcher influence over visitor responses. While visitors were occasionally provided with prompts intended to clarify the content or intent of the questions, it cannot be assumed that all visitors shared the same understanding of these concepts. For example, when asked to describe something they had seen that would indicate a source of funding, some visitors focused on physical objects such as donation boxes, others referred to revenue generating programs and events while others made general references to the assumed costs associated with the museum including the presence of technology or real estate property. Therefore, while data does help to describe visitor awareness and perception of museum funding models, there may be limitations to the generalizability to other sites and audiences.

Chapter 4: Findings and Results

This chapter presents the findings from data collected from visitor interviews and is organized by the three research questions this study seeks to address. Individual interview questions are described in each section and results are presented at the end of the chapter.

Awareness of museum funding models

To determine the level of awareness of museum funding models, participants were asked to list sources of funding the museum might receive, briefly describe something they had seen during their visit that indicated a source of funding and to match revenue categories to percent of total income using a pie chart representing 2014 total revenue.

Possible Sources of funding

At the onset of the interview, visitors were asked to think broadly about museum funding models. The first question, “Please list any/all sources of funding this museum might receive,” allowed visitors to respond with a general consideration of possible revenue sources. Participant responses provided insight into the scope of visitor awareness regarding museum funding as well as which sources of funding visitors were most aware.

Visitors often responded to this first question with a degree of hesitance, indicating they “were not sure” or “wouldn’t know where to begin.” Others responded with surprise to the question, stating they “hadn’t thought about” museum funding before. Despite these common initial reactions, 94% of visitors provided at least one example of funding and almost half (46%) provided four or more examples.

In total, visitors named 19 unique possible sources of funding, with a median of three categories named per respondent. Visitors most often referred to general funding categories or funders, such as “donations” or “Nordic organizations in the area” although some did respond

with specific examples of funding categories or sources, such as “planned giving” or “the PACCAR Gallery.”

The number of categories named varied slightly across visitor groups, with members averaging 4.6, members of other museums averaging 3.8 and nonmembers averaging three categories. All members were able to provide at least one example while one member of other museums and seven nonmembers were unable to list a source of possible funding.

Across all visitor groups, donations, government funding, corporate sponsorship and grants were the most frequently cited sources of possible revenue and appeared collectively in nearly 60% of all responses. Admission fees, funding from community groups, membership dues and fundraising events were among the least cited sources, appearing collectively in roughly 25% of responses (Figure 1).

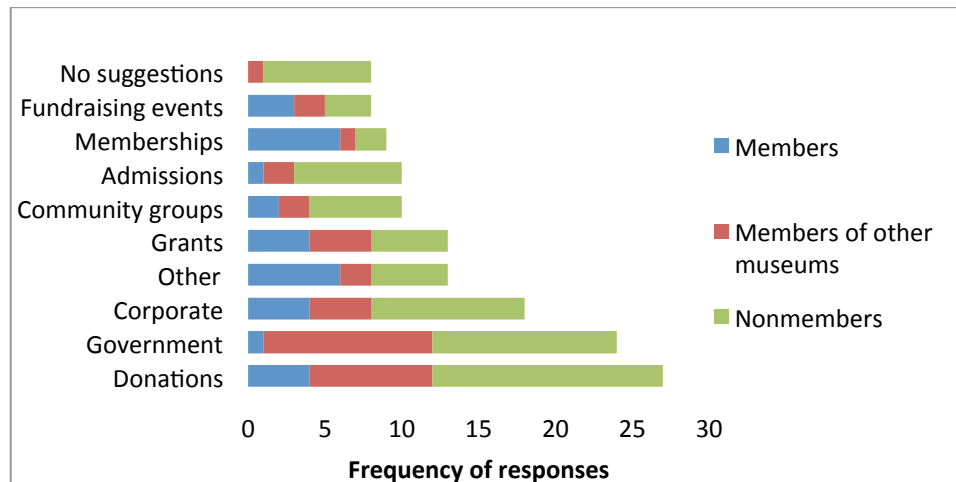


Figure 1. Possible sources of funding (N=42)

While donations and corporate sponsorship remained a top response among all visitor groups, other categories varied significantly. Membership dues, the least frequent response among members of other museums and nonmembers, was the most frequently cited source of revenue among members. Government support, a frequent response among members of other museums and nonmembers, was the least cited source of possible revenue among members.

Indicators of funding

The second question, “Briefly describe something you saw during your visit that indicates a source of funding,” encouraged visitors to think specifically about sources of funding and how they might be revealed within the museum or through their visitor experience. This question encouraged visitors to consider how indicators of revenue might suggest a potential relationship between the museum and its funder. For example, while visitors were likely to respond to the previous question with general categories of funding, the identification of specific examples encountered during their visit suggests the extent to which they were aware of how museums engage funders and different funding opportunities.

In some cases, visitors would indicate their ability to answer this question was limited by their time within the museum prior to the interview and state they “[hadn’t] made it far yet.” Others qualified their responses by saying they hadn’t “paid close attention.” However, 83% of visitors provided at least one example of something they had seen that indicated a source of funding.

Overall, visitors provided fewer examples of indicators of funding than when considering possible sources, with a median response of 1.5 categories (compared to a median response of three categories for the previous question). While members were most likely to name more than two indicators, the average number of categories varied less across visitor group.

Visitors were more likely to describe visual indicators of funding (79% of total responses) than experiential examples (21%). While this trend was true for all visitor groups, members were most likely (26%) to provide an experiential indicator than members of other museums (15%) and nonmembers (19%). Visitors often scanned their environment before answering this question and described indicators that were within their field of vision such as

gallery names, sponsorship, donation boxes or a gift shop. However, visitors frequently referenced indicators encountered at the beginning of their visit with statements such as “the legacy wall is clearly notated” or “the sign that shows how the museum was made possible.”

Frequent indicators included signage (exhibition panels, gallery names or general), corporate sponsorship, in-kind contributions (collections and volunteers), donor recognition and admissions fees. Membership dues, donation bins, the material environment (references to the assumed costs associated with the exhibits, technology and building) programming fees and gift shop were the least frequent responses (Figure 2).

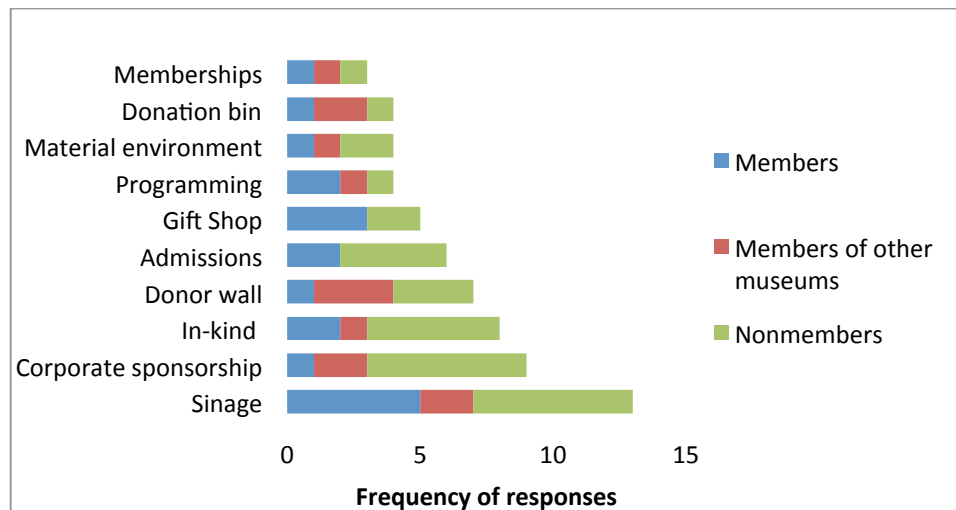


Figure 2. Indicators of funding (N=42)

While signage and in-kind contributions remained a top response across all visitor groups, other categories varied. Donor recognition, the most frequent response among members of other museums (23%) and corporate sponsorship, among the most frequent responses among nonmembers (19%), were among the least frequent responses from members along with donation bins, membership dues and the material environment, with each response appearing only once among members.

Assigning revenue categories

After being asked to identify sources of funding, and describe indicators of funding, visitors were asked to match specific revenue categories to percentages of total revenue using a pie chart of 2014 total revenue. This question asked visitors to consider the relative significance of each source of funding in terms of total income.

Again, participants often qualified their response to this question with statements such as “I bet I will be way off” or “I have no idea.” Overall, participants had a 52% rate of accuracy when assigning revenue categories to percentage of total revenue. To be counted as accurate, visitors assigned a specific revenue category to a percentage that fell within a predefined range of under 10%, between 10 and 20% or more than 20% of total revenue. For example, NAAM visitors who assigned the category “fundraising events” (17% of total revenue) to the percent associated with the category of “other” income (11% of total revenue) were considered accurate because both categories fell into the defined range of 10-20% of revenue.

Visitors were most accurate in assigning percentage of total revenue to grants (75% rate of accuracy), donations (65%) and program and service fees (56%). Visitors were least accurate assigning revenue to membership dues (48%), other income (47%), fundraising events (38%) and earned income (34%). Members of other museums were generally more likely to be accurate in assigning revenue than members and nonmembers, with an average overall rate of accuracy of 57% compared to 53% of members and 45% of nonmembers (Figure 3).

Of revenue categories visitors were most likely to be inaccurate in assigning, participants were more likely to underestimate the percent of total revenue assigned to fundraising (84%) and revenue from earned income (79%). Inaccuracy in assigning membership dues, however, looked differently across visitor groups. In terms of total revenue, all members of other museums who

were inaccurate overestimated its significance compared to 25% of members and 10% of nonmembers.

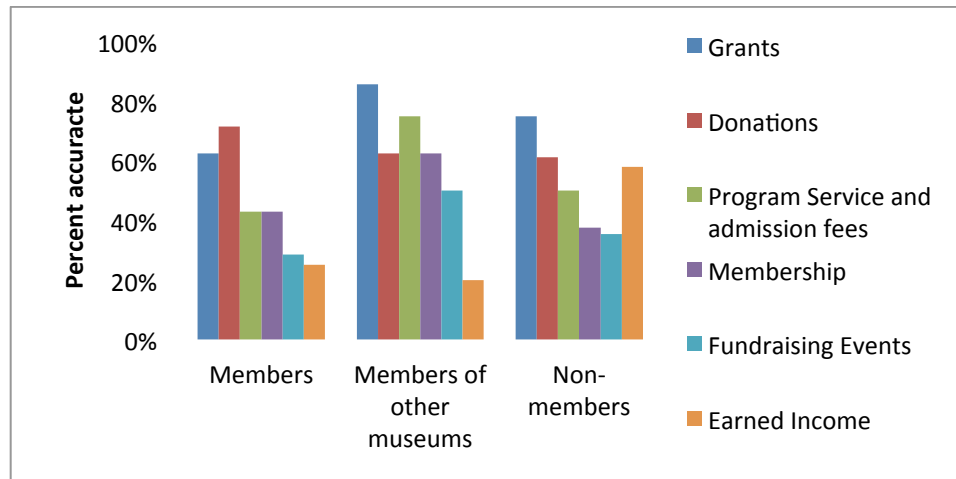


Figure 3. Accuracy in assigning revenue (N= 38)

Perceived impacts of funding on museum operations, exhibits and programs

After being asked to think about possible sources of funding, identify indicators and assign revenue categories, visitors were asked about their perceptions of the potential impacts associated with different funding. To determine how visitors understood these impacts, participants were asked whether they believed funding sources impacted museum operations, exhibits or programs, to provide an example and to consider whether or how different funding sources might have different impacts. This series of questions asked visitors to consider how funding sources might influence museum behavior.

Perceived impacts of funding on museum operations, exhibits and programs

A large majority of participants indicated that funding “definitely” impacts museum operations, exhibits or programs. By visitor group, one hundred percent of members, 80% of members of other museums and 86% of nonmembers chose this option. Members of other museums who did not indicate “definitely” indicated that funding “probably” impacts museum

operations. Of nonmembers, one participant indicated “probably” and two participants indicated “maybe” (Figure 4).

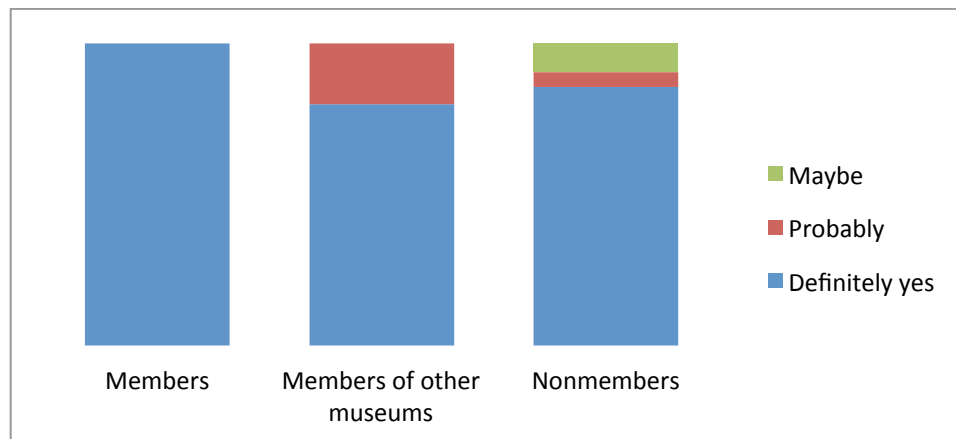


Figure 4. Do you believe funding impacts museum operations, exhibits or programs? (N=40)

When asked to elaborate or provide an example of how funding might impact museums, visitors most often referenced a perceived impact on museum capacity or scale (Figure 5). In total, such considerations consisted of 63% of all responses. Visitors often referred to such impacts with general statements about scale such as “the more funding you have, the more opportunities you have” or that the amount of funding “determines what [a museum] can do or acquire” or “how much [it] can grow.” However, visitors also mentioned specific impacts on capacity with statements such as “you can hire more staff” or that funding impacts “the smallest thing such as operating hours.” Additionally, visitors included references to how funding can bolster development activities with statements such as “the more funding you have, the more people are involved and you look better” or if you have the resources, you can “develop awareness and bring people into the museum.”

To a lesser extent, visitors considered funding to impact museum messaging (23%) with statements such as “people who give money have a lot of say in what the museum is representing” or “the Finnish government might donate to encourage an exhibit.” Visitors frequently qualified this response with a statement about the relative significance of the funding

source, such as “it depends on how strong the funder” is. Even less frequently, visitors indicated funding might impact the quality of the museum (11%) remarking that exhibits might “stagnate” or collection care might suffer without adequate funding. While variation among visitor groups was limited, nonmembers were most likely to consider the impacts of funding on museum interpretation.

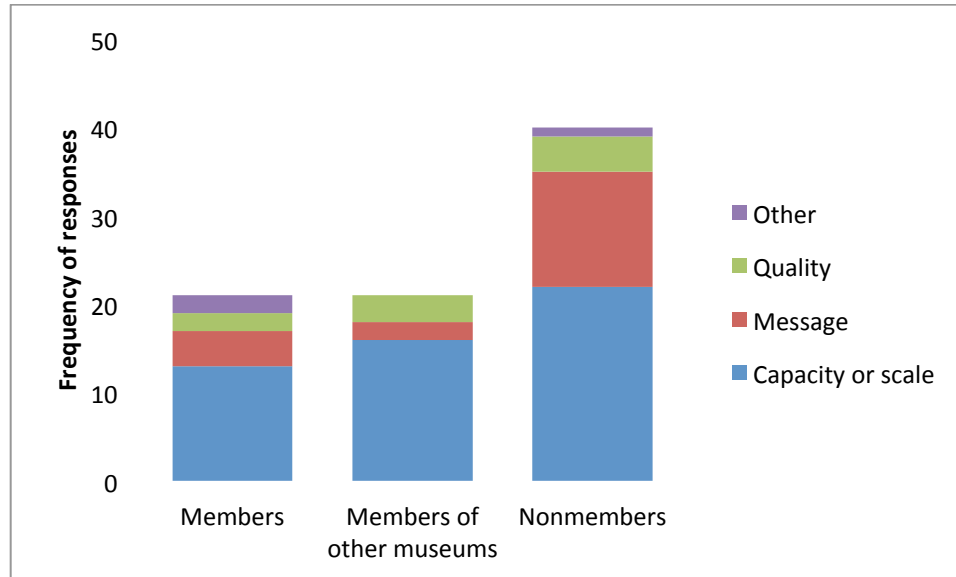


Figure 5. Perceived impacts of funding (N=41)

Perception of the difference of impacts

Participants were also asked to consider how different funding sources might have different impacts on museum operations, exhibits or programming. This question provided insight into whether or not visitors believed funding sources to influence museum behavior in different ways.

Visitors most frequently (32%) referenced how funding sources might exert varying levels of influence over interpretive or programmatic decision-making (Figure 6). Respondents indicated that interpretation might be “less biased if the museum brings in the money” or that “an individual from the community might want a local event or person displayed where the government might want legal stuff, like the Civil Rights Act, displayed.” Nonmembers were

twice as likely as other visitors to indicate that different funding sources would have different impacts on museum content or interpretation.

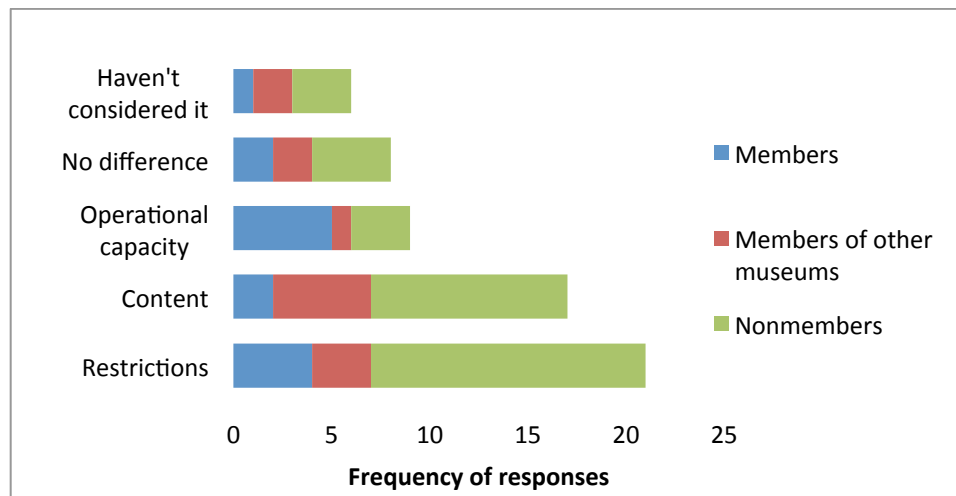


Figure 6. Perceived differences of impacts of revenue sources (N=41)

Visitors frequently used the words “stipulations” or “strings attached” to describe how different funding sources might influence museum behavior. In total, 24% of visitors mentioned the concept of restricted funds in a specific or general way with statements such as “some funds are designated or undesignated” or with “money from the gift shop – you can do with it what you want.” Members were the least likely visitor group to consider how different funding sources might influence museum content or involve different restrictions and the most likely to regard different funding sources as having different impacts on fundraising and financial opportunities.

Importance of perceived impacts of funding on visitor experience

Visitors were also asked to consider how their perceived impacts of funding might impact their personal museum experience. After visitors identified possible funding sources and how they might indicate a distinct funding relationship or influence museum behavior, this line of questioning allowed participants to consider how they perceived these impacts to relate to their museum experience.

Participants were asked, “If you believe funding to impact museum operations, exhibits or programs, how important are these impacts to your museum experience?” Most visitors responded with intentionality, taking their time to answer, and indicated that the impacts of funding were either “important” (53%) or “very important (24%) to their experience (Figures 7 and 8).

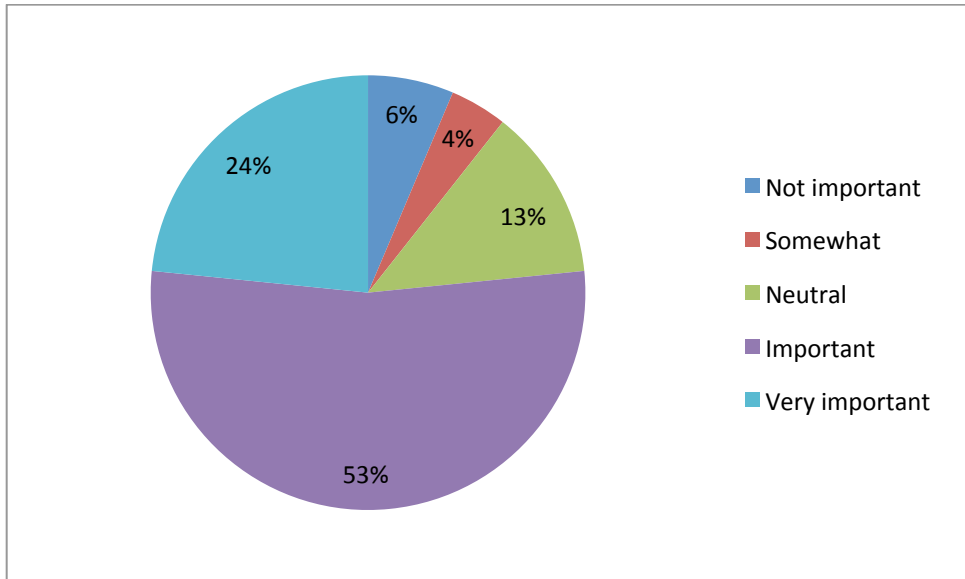


Figure 7. How important are the impacts of funding to your museum experience? (N= 38)

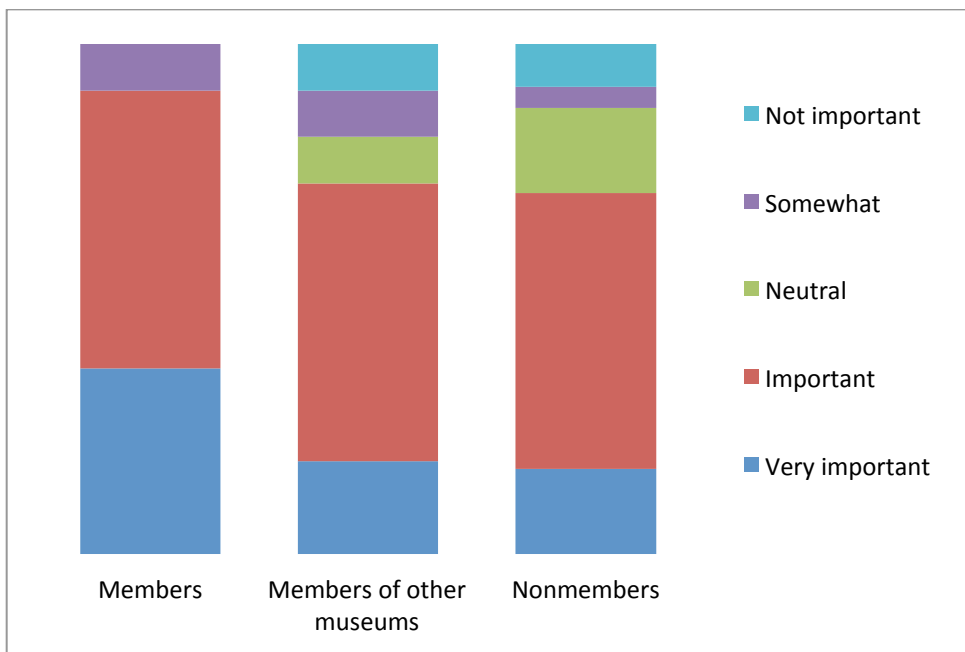


Figure 8. Importance of funding impacts to museum experience by visitor group (N= 38)

When asked to elaborate on their answers, visitors were most likely to reflect on how funding models affect museum capacity (Figure 9). Visitors often (40%) indicated that if a museum had more funding, their experience would be improved as a result, acknowledging, “If you don’t have money, you won’t be able to stay open.” In other instances, visitors were more concerned about the opportunities made available with funding with statements such as, with more money “you can be more ambitious,” “you can be bigger and better” or visitors can “learn more and see more” Visitors also considered the impacts of funding on quality (34%), stating “if you’re well managed, you can provide a better experience for guests.”

Nearly 20% of participants indicated that their perceived impacts of funding sources were not necessarily relevant to their museum experience. In total, 11 of 58 respondents deemed funding sources to have a limited or non-essential impact on their museum experience. Visitors acknowledged this with statements such as “I would seek out information either way,” “[museums] can do great things on the cheap,” or “the amount [of funding] is important, the source probably isn’t.”

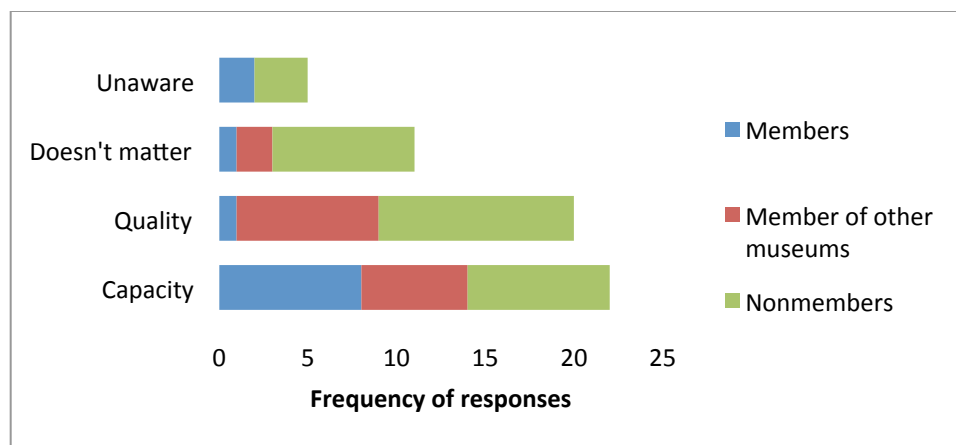


Figure 9. Impacts of funding on museum experience (N=40)

Across different visitor groups, and relative to their personal museum experience, members were most likely to consider capacity and least likely to consider quality. Additionally, this group was the least likely to indicate that funding did not impact their experience (8%

compared to 13% of members of other museums and 27% of nonmembers) but were most likely to indicate that they were unaware of how the impacts of funding affected their experience (17% compared to 10% of nonmembers and a zero response rate from members of other museums). Members of other museums were the most likely to consider quality (50% compared to 8% of members and 37% of nonmembers).

Results

Museum visitors who participated in this study had a limited awareness of museum funding models. In terms of scope, visitors were most aware of large and general sources of revenue such as government funding, donations, corporate sponsorship and grants. These categories were the most frequently identified sources of funding and among the sources of funding visitors were most accurate in assigning percent of total revenue. Visitors were least aware of sources of funding that require visitors to opt in, such as membership dues, program service fees, fundraising events and gift shop purchases.

Additionally, participants became aware of funding through visual indicators. When asked to provide an indicator of funding, visitors were most likely to indicate something they had seen rather than something they had experienced. While participants provided more examples of possible sources of funding than examples of funding seen or experienced, visitors were most likely to be aware of funders they saw displayed in the museum.

Participants of this study indicated that funding does impact museum operations. However, visitors tended to attribute these impacts to budget size rather than funding models. In this focus on the amount rather than source of funding, visitors indicated their trust in museums to mitigate any potentially negative impacts associated with funding. Ultimately, participants perceived funding to impact museum capacity rather than museum behavior.

While participants indicated that funding impacts their museum experience, visitors tended to believe that as long as museums have money, their personal experience will benefit. Interestingly, visitors didn't necessarily perceive how their museum experience impacts museum funding models. With the exception of members, participants were most aware of large and general sources of funding that were visibly accessible to them during their visit. As such, participants perceived the museum to be engaging in financial relationships with others – with high-level donors, corporate sponsors or governments. Missing from this awareness, however, was a sense that museum funding models include a relationship with the visitor.

Chapter 5: Conclusion

Museum funding models are experiencing new and unique challenges. While debate about the best way to confront these challenges continues, this conversation has largely excluded the voice of those who have the most at stake – the museum visitor. As museums continue to seek meaningful ways to connect to their communities, they should also seek to understand the extent to which visitors are aware of museum funding models, their perception of the impacts of funding on museum operations and how they understand these impacts to be important to their museum experience.

This study has shown that visitors were most aware of traditional sources of funding but had a limited understanding of how museum funding models impact museum operations. Visitors perceived funding to impact the capacity and scale of the museum, rather than its behavior. Additionally, this limited awareness is largely a result of museums not communicating their funding realities. Visitors became aware of how museums obtain and engage funders through how museums communicate their relationships with them. For visitors, museum funding models are structured around the relationships between museums and large contributors, those whose names appear on galleries, exhibit panels and donor walls. Finally, while visitors perceived funding to be important to their museum experience, they were unaware of the larger debate regarding the benefits and challenges associated with museum funding models, and, importantly, the role this debate plays in the larger consideration of what it means to be a museum today.

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Appendix A: Visitor Interview Questions

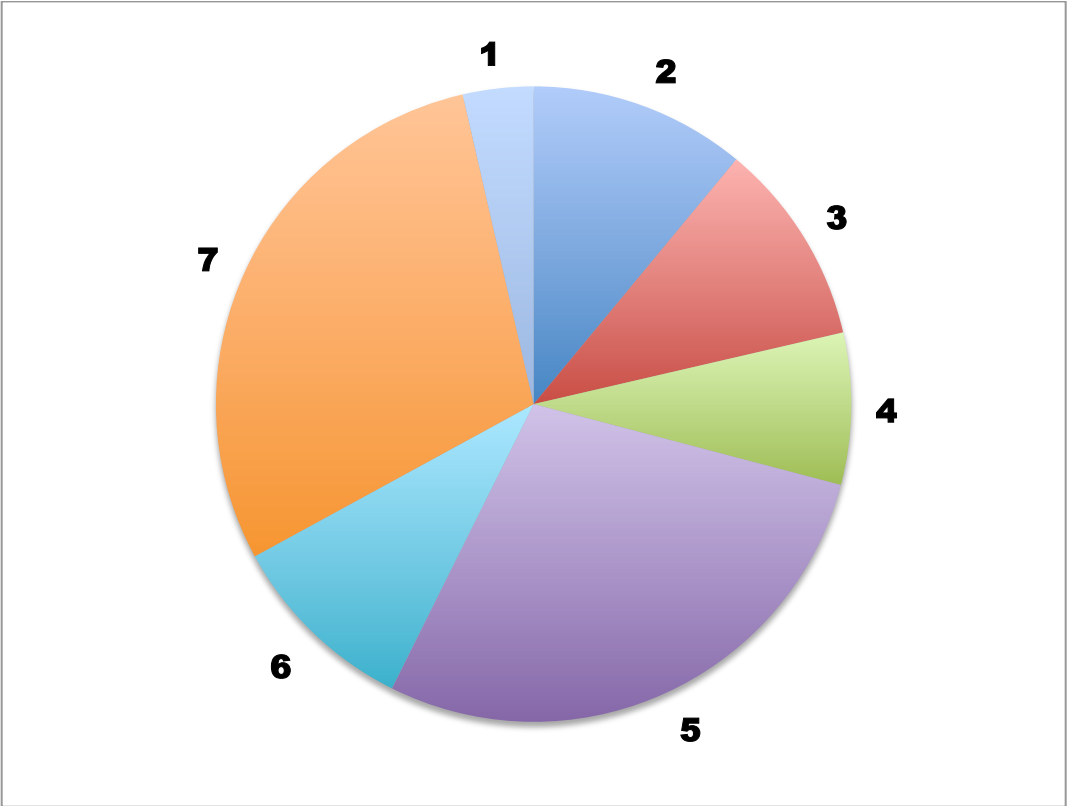
1. Please list all sources of funding that this museum might receive.
2. Briefly describe something you saw during your visit that indicates a source for funding.
3. Match these revenue sources to percentages of total revenue of this museum
 - a. Donations
 - b. Fundraising Events
 - c. Grants
 - d. Membership Dues
 - e. Program Service and Admission Fees
 - f. Earned Income
 - g. Other
4. Do you believe funding sources impact museum operations, exhibits or programming (such as educational or public programs)?

Definitely not *Maybe* *Probably* *Definitely yes*
5. Can you provide an example?
6. If you believe funding sources impact museum operations, exhibits or programming, how important are these impacts to your museum experience?

Not important *Somewhat* *Neutral* *Important* *Very important*
7. Please elaborate on your answer.
8. Do you think different funding sources would have different impacts? Can you provide an example?
9. Are you a member, volunteer or donor at this or any museum? *Yes* *No*

Appendix B: Example of Pie Chart Exercise

2014 total revenue for _____ museum



- Donations
- Fundraising Events
- Grants
- Membership Fees
- Program Service and Admission Fees
- Earned Income
- Other

Appendix C: Example of Coding Schema

Visitor Awareness of Museum Funding Models

Please list all sources of funding this museum might receive

<u>Code</u>	<u>Number of Responses</u>	<u>Example</u>
Donations	27	"Donations" "Philanthropists"
Government	24	"State support of the arts" "City funds"
Corporate	18	"Boeing" "Corporations"
Other	13	"Matching gift programs" "Endowment"
Grants	13	"Grants" "Private foundations"
Community groups	10	"Black churches" "Nordic organizations in the area"
Admissions	10	"Admission fees"
Memberships	9	"Memberships"
Fundraising events	8	"Fundraising events" "Northern Lights Auktion"
No suggestions	8	"I have no idea"

Visitor Perception of Impacts of Funding on Museum Operations

Do you believe funding impacts museum operations, exhibits or programs? Can you provide an example?

<u>Code</u>	<u>Number of Responses</u>	<u>Example</u>
Capacity or scale	51	"When there is money you can go from small to huge" "Without money you would have fewer exhibits, fewer staff and fewer open hours"

Message	19	Funding "decides what exhibits you have" "Money fetters the message"
Quality	9	"More money would mean better visuals" More funding provides for "more learning styles"
Other	3	"There are stipulations depending on your grants" "I wouldn't know if I wasn't interested in programs"

Visitor perception of the impacts of museum funding on their museum experience

If you believe funding sources impact museum operations, how important are these impacts to your museum experience?

<u>Code</u>	<u>Number of Responses</u>	<u>Example</u>
Capacity	22	"If you don't have money the museum wouldn't be open" "You can run more programs"
Quality	20	"More money means a better experience for guests" "More docents would make quite a difference"
It doesn't matter	11	"I would seek out information either way" "I enjoy a small museum as much as a big museum"
Unaware	5	"It isn't something I'm aware of when I'm in the museum" "I haven't considered it"