

Research Division Note # 48 - September 30, 1993

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**Census Reports 6% Increase in Museums and Art Galleries: 1982-1987**

According to the most recent census, the 1987 Census of Service Industries, the Bureau of the Census counted 2,645 commercial and non-commercial, taxable (for profit) and tax-exempt (nonprofit) museums and art galleries. This number was up by at least 6% from the 1982 count of approximately 2,500 museum institutions<sup>1</sup>. In 1987 the numbers of museum institutions reported by the Census were as follows:

*Arts in Education*

*Challenge &  
 Advancement*

*Dance*

*Design Arts*

*Expansion Arts*

*Folk Arts*

*International*

*Literature*

*Locals*

*Media Arts*

*Museum*

*Music*

*Opera-Musical  
 Theater*

*Presenting &  
 Commissioning*

*State & Regional*

*Theater*

*Visual Arts*

TABLE 1: Number of Museums and Art Galleries (1987)

	Taxable Museums/Art Galleries	Tax-exempt (Nonprofit) Museums/Art Galleries
Commercial	215	453
Noncommercial	-	1977
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International	215	2430

The total amount of receipts/revenues reported by all museums and art galleries was \$2,287,031. Table A (at the end of this note) gives the total number of museum organizations, their total receipts/revenues, and the average receipts/revenues for each sub-category for 1982 and 1987.

The Census of Service Industries distinguishes museum institutions by whether they

<sup>1</sup> Table A (at the end of this note) shows the provides data on the components of the broader Census category of Museums, Galleries, Arboreta, Botanical and Zoological Gardens for 1982 and 1987. The Census Bureau did not provide statistics in 1982 for the two sub-categories of Museums/Art Galleries and Arboreta/Botanical and Zoological Gardens. If one makes the most conservative assumption about growth of museums/art galleries, that all 143 commercial institutions in the arboreta/botanical and zoological gardens category were new, then commercial museums would have grown by 81 institutions. The more likely assumption is that a significant number of the 143 arboreta/botanical and zoological garden institutions existed in 1982, and the growth of museums and art galleries was larger. This note focuses on museums and art galleries; for more details on arboreta, etc. see the larger report cited in the *Caveats...* section of this report.

are taxable (for profit) or tax-exempt (nonprofit) and whether commercial or non-commercial. Commercial establishments are defined as: "primarily supported by admissions, merchandise sales, commissions, and other sources except contributions, grants, etc."; non-commercial establishments are defined: "primarily supported by contributions, grants, etc." It appears from the classifications that "commercial" establishments are included under the common definition of a nonprofit museum; furthermore, as shown below in the tables, they do report receiving some contributions and grants (but not the major portion of their total income). Therefore, the distinction between commercial and non-commercial has little significance for this note; the important distinction is taxable (for profit) and tax-exempt (nonprofit).

The nonprofit museum community (or industry) is categorized by the Institute of Museum Services (IMS) description of museums eligible for federal funding. In addition to independent institutions, the list includes nonprofit institutions [including those that are a subsidiary part of a non-museum not-for-profit institution such as a university, church or a social organization (e.g., the Junior League or the Daughters of the American Revolution)] and museums that are a part of a governmental entity (federal, state, regional, county, municipal). IMS divides museums into categories that, when aggregated, approximate the government SIC classification as follows:

<u>IMS Classifications</u>	<u>Census/SIC Classifications</u>
Art Museums and Galleries	Museums and Art Galleries
Children Museums	
Natural History Museums	
General Museums	
Specialized Museums	
Science Museums	
Planetariums	
History Museums	
Arboreta	Arboreta, Botanical and Zoological Gardens
Botanical Gardens	
Zoos	
Historic Sites/Houses	Other Attractions or Exhibitors: natural
Aquariums	wonder, aquarium, historic site
Nature Centers	(No data on this group was provided)

The total number of tax-exempt (nonprofit) museum organizations (museums, art galleries, arboreta, botanical and zoological gardens), both commercial and non-commercial is 2,628. These two census categories together are equivalent to what the national museum community would consider the count of nonprofit museum institutions. A comparative test of the census data using data from the

1989 National Museum Survey (sponsored by the American Association of Museums) found the census count to be within 3% of the AAM estimate of U.S. museums.<sup>2</sup> (See the *Caveats...* section at the end of this report for a description of the census universe of museums.)

Figure A shows the average receipts/revenues for each type of museum/art gallery. The average total revenue of tax-exempt (nonprofit) commercial museums was over twice the total receipts of taxable museums; tax-exempt (nonprofit) noncommercial museums was almost three times higher.

1987 Average Total Receipts/Revenues  
for Museums and Art Galleries



### Changes Since 1982

In 1987, the census reported 215 taxable museums and art galleries and 81 taxable arboreta, botanical and zoological gardens for a total of 296 institutions. (Figures were not available in 1982 for the breakout; the total number of taxable institutions was 220.) Total revenues doubled over the five year period (see Table A), and the average revenues per institution increased by 40%.

<sup>2</sup> The American Association of Museums (AAM) conducted a survey in 1989 to estimate the national count of nonprofit and public museums and collect statistical and financial information (American Association of Museums, *DATA REPORT from the 1989 National Museum Survey*. Washington, DC, January 1992.) Since the AAM universe of museums includes types of museums that would not be in the census categories (aquariums, historic sites, and nature centers) and museums that are governmentally owned or are a subsidiary of a university or other type of (service) industry, a special query of the data base was conducted. The query found an estimated 2,713 museum institutions that (1) would have been in existence by the end of 1986, (2) would fall into the Census definition (independent, nonprofit institutions), and (3) were large enough to have a payroll in 1987. This number compares favorably with the census figure of 2,628; it represents only a 3% difference.

In 1982, 367 commercial tax-exempt (nonprofit) museum institutions were counted in the census; by 1987 this number had increased 29% to 515 (453 museums and art galleries, 62 arboreta, botanical and zoological gardens). As with taxable institutions the total revenues of tax-exempt commercial institutions also doubled in the five years, and the average revenues went up by over 60%.

In 1982 the census found 1,909 non-commercial tax-exempt (nonprofit) museums and art galleries; this number increased minimally to 1,977 in 1987. Revenues declined from the 1982 census to the 1987 census for these tax-exempt non-commercial museums and art galleries, and the average revenues per institution dropped 16% before correcting for inflation. Since only the national total figures are available for 1982 (there are no state or regional figures), no further breakout exists that might help to explain this reported decrease.

### Aggregate Financial Statistics

Table B (at the end of this note) provides a breakout of financial data for tax-exempt (nonprofit) museum institutions. The top third of the table gives the total dollar amounts, the middle third gives the average amounts, and the bottom third provides the percent of each income source to the total revenues. The columns breakout commercial and non-commercial institutions. (For understanding nonprofit museums as a group, focus on the "ALL" column.) Each category of museum institutions reported an aggregate surplus of revenues over expenses. The average museum and art gallery had \$909,600 in revenues and \$592,100 in expenses. Museums and art galleries got 9% of their revenues from admissions (noncommercial organizations received 5%, commercial got 33%). Both types reported significant proportions of contributed income (commercial organizations reported that contributions and grants were 22% of total income; non-commercial reported 57%). Food, beverage and other sales accounted for 8.4% of the revenue of all museums and galleries.

### Geography of Museums

The regional picture for museums and art galleries differs when split into taxable and tax-exempt (nonprofit) organizations.

TABLE 2: Regional Breakout of Museums and Art Galleries (1987)

	Organizations		Total Revenues/Receipts	
	Number	Percent	\$ (1,000)	Percent
<b>Taxable</b>				
Northeast	43	20.0%	7,833	10.2%
Midwest	47	21.9%	4,861	6.3%
South	81	37.7%	48,174	62.8%
West	44	20.5%	15,857	20.7%
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Total U.S.	215	100.0%	\$ 76,725	100.0%

TABLE 2 (continued): Regional Breakout of Museums and Art Galleries (1987)

	Organizations		Total Revenues/Receipts	
	Number	Percent	\$ (1,000)	Percent
<b>Tax-exempt/commercial</b>				
Northeast	144	31.8%	108,150	32.0%
Midwest	98	21.6%	83,940	24.9%
South	112	24.7%	75,120	22.2%
West	99	21.9%	70,471	20.9%
Total U.S.	453	100.0%	\$ 337,681	100.0%
<b>Tax-exempt/noncommercial</b>				
Northeast	567	28.7%	(D)	(D)
Midwest	514	26.0%	400,926	21.4%
South	552	27.9%	374,933	20.0%
West	344	17.4%	(D)	(D)
Total U.S.	1,977	100.0%	\$1,872,625	100.0%

(D): data was withheld on the original table to avoid disclosure for individual organizations. The data is included in the total.

For taxable museums and art galleries, the South has the greatest number of establishments (38%) and an overwhelming percentage of total receipts (63%). The tax-exempt (nonprofit) museum institutions are more evenly distributed throughout the country. No one region seems to dominate in the numbers or revenues/receipts of tax-exempt (nonprofit) institutions, whether commercial or noncommercial. Figure B gives the average total receipts/revenues by region. Taxable institutions are significantly smaller than their tax-exempt counterparts except in the South.

1987 Average Total Receipts/Revenues for Museums & Art Galleries by Region

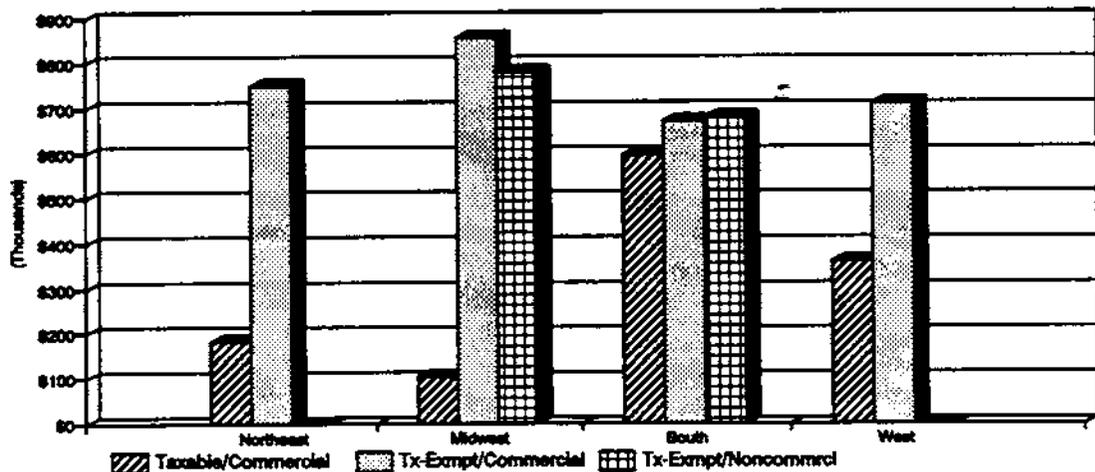


Figure B

Data not disclosed for tax-exempt noncommercial museums in Northeast and West regions.

No one or two states dominate the museum field as they do in performing art disciplines. New York and California, however, still play a large role (percentages are of all U.S. museums and art galleries):

TABLE 3: States with the Largest Number of Museums and Art Galleries (1987)

	Taxable Establishments			All Tax-exempt (Nonprofit) Establishments	
	#	%		#	%
Florida:	17	7.9%	New York:	280	11.5%
California:	14	6.5%	California:	213	8.8%
New York:	14	6.5%	Texas:	140	5.8%
Tennessee:	14	6.5%	Ohio:	124	5.1%
Pennsylvania:	13	6.0%			
All U.S.	215	100.0%	All U.S.	2,430	100.0%

Most financial data including total receipts/revenues and total expenses are not disclosed in the state breakouts; therefore, no table is presented. For taxable museums and art galleries, California has the largest share of total receipts (12%) or \$9,458,000. New York has the largest share (16.1%) of all tax-exempt (nonprofit) institution revenues (\$355,680,000).

**Caveats and Notes about methodology:** An Economic Census is conducted by the U.S. Bureau of the Census every five years. The reference years are the second and seventh year of the decade. The National Endowment for the Arts commissioned the Census Bureau to produce special tables of previously unpublished data collected in these censuses.

The universe of organizations that receive questionnaires is obtained from two sources: filers of FICA reports (payroll tax report sent to the Social Security Administration) and filers of IRS business income tax or informational reports (Form 990). The counts of numbers of organizations and their receipts/revenues in the tables and the analysis understate the actual levels of activity that occurred within the national museum industry for the following reasons. Very small museums are likely not to be included, because they have no personnel who are "employees" and do not file Form 990's if their gross receipts are under \$25,000. In 1988, almost 18% (almost 1500) of museums in the American Association of Museums survey reported no payroll.<sup>3</sup> Secondly, the Census of Service Industries does not cover governmental units, so most governmental museums will be excluded. Finally, many museums are operated as subsidiaries of organizations that are in a different industry (such as college and university museums). These museums would not be part of the Economic Census universe of museums, but may be counted as part of the higher education universe.

Because the Census Bureau releases only aggregated information, thus making it impossible to construct control groups of specific organizations from one census to the next, direct comparisons of growth should be made with caution. It is a common experience of ongoing periodic surveys that the survey process, especially the development of the universe, improves with each survey. This probably results in more organizations being included each time. So an increase may be due in part to better

<sup>3</sup> See citation in footnote 2. Ibid.

coverage. Also, over time, more organizations may have become FICA report or Form 990 filers. It is not possible to sort out the relative importance of the possible factors for increases in numbers; therefore, characterizations of "growth" should be used cautiously.

The difference between "receipts" (used for taxable/for-profit establishments) and "revenues" (used for tax-exempt/not-for-profit establishments) is that revenues include contributed (or unearned) income such as grants and contributions from individuals, corporations, and governments. These monies can be accounted for by the organization over a period of years, making comparisons with data from funders difficult.

For further analysis, to compare real growth in total revenues, receipts, or expenses between the 1982 and 1987 censuses, the monetary figures of 1987 can be deflated by dividing them by 1.174 (the GNP Implicit Price Deflator, 1982 = 100).

For more details on the economic censuses and discussion about other arts organizations, see **ARTS ORGANIZATIONS AND THE 1987 CENSUS OF SERVICE INDUSTRIES**. A copy of this report is available from:

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TABLE A: U.S. MUSEUMS, ART GALLERIES, BOTANICAL & ZOOLOGICAL GARDENS AND THEIR RECEIPTS/REVENUES BY YEAR  
(Revenues for Tax-Exempt and Receipts for Taxable Organizations in \$1,000)

Type of Organization		1982			1987		
		Tax-Exempt	Taxable	Total	Tax-Exempt	Taxable	Total
Commerical Museums and Art Galleries	# estb	na	na	na	453	215	668
	total \$	na	na	na	\$337,681	\$76,725	\$414,406
	avg \$				\$745.4	\$356.9	\$620.4
Commercial Arboreta Botanical or Zoological Gardens	# estb	na	na	na	62	81	143
	total \$	na	na	na	\$176,536	\$46,635	\$223,171
	avg \$				\$2,847.4	\$575.7	\$1,560.6
ALL COMMERCIAL MUSEUMS, ETC.	# estb	367	220	587	515	296	811
	total \$	\$228,036	\$65,319	\$293,355	\$514,217	\$123,360	\$637,577
	avg \$	\$621.4	\$296.9	\$499.8	\$998.5	\$416.8	\$786.2
Noncommercial Museums and Art Galleries	# estb	1,909	*	1,909	1,977	*	1,977
	total \$	\$2,267,593	*	\$2,267,593	\$1,872,625	*	\$1,872,625
	avg \$	\$1,187.8	*	\$1,187.8	\$947.2	*	\$947.2
Noncommercial Arboreta Botanical or Zoological Gardens	# estb	110	*	110	136	*	136
	total \$	\$101,323	*	\$101,323	\$210,316	*	\$210,316
	avg \$	\$921.1	*	\$921.1	\$1,546.4	*	\$1,546.4
ALL NONCOMMERCIAL MUSEUMS, ETC.	# estb	2,019	*	2,019	2,113	*	2,113
	total \$	\$2,368,916	*	\$2,368,916	\$2,082,941	*	\$2,082,941
	avg \$	\$1,173.3	*	\$1,173.3	\$985.8	*	\$985.8

na: data not provided

\*: no taxable organizations in noncommercial categories

TABLE B: AGGREGATE FINANCIAL STATISTICS OF NONPROFIT (TAX-EXEMPT) MUSEUMS AND ART GALLERIES, 1967 (\$1,000)

Type of Receipt/Revenue	TOTAL AMOUNTS		
	Noncommercial Museums or Art Galleries	Commerical Museums or Art Galleries	ALL Museums or Art Galleries
Admission receipts	\$96,533	\$106,313	\$202,846
Membership receipts	\$95,665	\$21,982	\$117,647
Food and Beverages	\$29,607	\$18,596	\$48,203
Sales of other merchandise	\$85,982	\$50,323	\$136,305
All other amounts from patrons, customers, and contract fees	\$98,838	\$37,015	\$135,851
Government or private contributions	\$1,073,862	\$73,894	\$1,147,756
All other sources	\$392,140	\$29,558	\$421,698
<b>TOTAL REVENUES: all establishments</b>	<b>\$1,872,625</b>	<b>\$337,681</b>	<b>\$2,210,306</b>
<b>TOTAL EXPENSES</b>	<b>\$1,332,558</b>	<b>\$106,313</b>	<b>\$1,438,871</b>
Revenues/Expenses (%)	140.5%	317.6%	153.6%
Contributions & Grants/Revenues (%)	57.3%	21.9%	51.9%
Number of Establishments	1,977	453	2,430
Percent of total Revenues reported	85.4%	78.4%	84.1%

Type of Receipt/Revenue	AVERAGE AMOUNTS		
	Noncommercial Museums or Art Galleries	Commerical Museums or Art Galleries	ALL Museums or Art Galleries
Admission receipts	\$48.8	\$234.7	\$83.5
Membership receipts	\$48.4	\$48.5	\$48.4
Food and Beverages	\$15.0	\$41.1	\$19.8
Sales of other merchandise	\$43.5	\$111.1	\$56.1
All other amounts from patrons, customers, and contract fees	\$50.0	\$81.7	\$55.9
Government or private contributions	\$543.2	\$163.1	\$472.3
All other sources	\$198.4	\$65.2	\$173.5
<b>TOTAL REVENUES: all establishments</b>	<b>\$947.2</b>	<b>\$745.4</b>	<b>\$909.6</b>
<b>TOTAL EXPENSES</b>	<b>\$674.0</b>	<b>\$234.7</b>	<b>\$592.1</b>

INCOME SOURCES AS PERCENT OF TOTAL REVENUES

Type of Receipt/Revenue	Noncommercial Museums or Art Galleries	Commerical Museums or Art Galleries	ALL Museums or Art Galleries
Admission receipts	5.2%	31.5%	9.2%
Membership receipts	5.1%	6.5%	5.3%
Food and Beverages	1.6%	5.5%	2.2%
Sales of other merchandise	4.6%	14.9%	6.2%
All other amounts from patrons, customers, and contract fees	5.3%	11.0%	6.1%
Government or private contributions	57.3%	21.9%	51.9%
All other sources	20.9%	8.8%	19.1%
<b>TOTAL REVENUES (%)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
(8)	\$1,872,625	\$337,681	\$2,210,306