



# Montclair Art Museum

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## **Financial Security Plan Q & A** **April 17, 2009**

### **Q. Why is MAM selling works from the collection?**

A. MAM is selling paintings as well as other items in its collection, including a costume collection, that are duplicative, of lesser quality than objects already in our collection by the same artist, or are not consistent with the collecting mission of the Museum. Like all art museums, MAM periodically reviews its permanent collection for this purpose, a process called deaccessioning. Proceeds will be placed in a fund used solely to purchase works of art in the future.

### **Q. Is the Museum in big financial trouble?**

A. No, but we have certainly been deeply affected by the current financial crisis. This sharp economic downturn makes it imperative that the Museum adopt prudent long-range planning to protect its ability to carry out its mission over the long term.

### **Q. You say the deaccessions are to fund the purchase of works of art, but will the interest be used to cover operating expenses?**

A. Any interest earned on the proceeds from selling works of art will be used to cover collection acquisitions, management, and upkeep, according to guidelines in our Collections Management Policy, as well as the guidelines of the Association of Art Museum Directors (AAMD) and the American Association of Museums (AAM).

### **Q. Do you currently have an operating budget gap? If so, how big is it?**

A. Yes. We currently have an operating budget gap of \$600,000.

### **Q. Will deaccessioning help to close that gap?**

A. No! Funds from deaccessioning are exclusively part of a larger plan to grow that part of the endowment designated for purchasing works of art. As for the gap, the Museum has undertaken three rounds of operating expense reductions —on July 1 and December 5, 2008, and now on March 16, 2009—which include staff cuts and an across-the-board reduction in the hours of full-time staff members. These steps will reduce MAM’s total annual operating expenses by approximately \$500,000, significantly diminishing the budget gap. The rest will come from fundraising.

### **Q. Why don’t you sell your works of art to fund the operating shortfall?**

A. Nonprofit art museums collect and care for works of art to reflect our collective cultural history, to provide educational opportunities, and to enhance public enjoyment, as well as to bolster community pride. The care and growth of its permanent collection is a core value of a museum’s mission. That’s why the AAMD and the AAM, the professional association that accredits museums, have a policy that requires funds from deaccessioning to be used solely to purchase other works of art. In this way, we assure that we maintain these cultural centers in a healthy, vibrant, and relevant way for our communities in perpetuity.

### **Q. Were any of the works being deaccessioned originally donated to the Museum?**

A. Yes, some of the works for deaccessioning were originally donated to the Museum as “unrestricted gifts,” meaning that donors signed deeds with the understanding that the Museum’s future needs for or

use of the object may change. The Museum's policy is to contact the donor, or descendants, as a courtesy to let them know of our decision to deaccession their gift, and the reasons why. Whenever gifted objects are sold and new objects purchased with those funds, donors are cited in the new credit line as having provided funds for the new purchase.

**Q. How many items are for sale and how much do you expect to get for them?**

A. About 50 items in total. We hope to raise anywhere from \$3 to \$5 million for future acquisitions.

**Q. What happens if you fail to get that amount?**

A. We believe the auction process presents the best opportunity for the Museum to achieve positive sales results. Collectors eager to purchase these works will need to compete for them in the auction room and pay the highest price that the market will bear. We will work closely with our sales advisers to set appropriate estimates that encourage active bidding on the day of the sale. If any object looks like it will fall substantially below its assessed value during the auction, we won't sell it.

**Q. What's the connection with the recent cut back in staff time?**

A. Both deaccessioning and staff time reductions are part of an overall plan to reduce expenses and grow the endowment. The cut back in staff time and other operating expense reductions have been taken to diminish the budget gap both this year and in subsequent years so that we do not rely excessively on the endowment to close this gap. The deaccessioning is being undertaken to help build the endowment for future purchase of works of art.

**Q. Will you share a list of the items?**

A. Yes. Anyone who is interested in the full list is welcome to contact the Museum at (973) 746-5555, ext. 219.

**Q. Has the Museum lost any major private or public funding in this environment?**

A. Public and private support has diminished for all arts institutions in this economic environment, although MAM has not lost total funding from any single major source.

**Q. Why is MAM deaccessioning in the worst art market in decades? Why now?**

A. We have always regularly deaccessioned, but we are accelerating that process now in light of the current economic climate. Despite the difficult economic environment, we believe that the auction market remains strong in many areas.

**Q. What kind of art is the Museum hoping to acquire with the funds, and when?**

A. The Museum, as always, is committed to collecting works of great quality in American Art and Native American collections. We will continue to look for works throughout the range of history of American art and culture.

**Q. Was there any opposition on the Board of Trustees to the deaccession plan?**

A. No. The board recognizes that deaccessioning is a key component of the Museum's mission to maintain a healthy endowment to acquire works of art.

**Q. Selling the costume collection, dozens of works of art, and scaling back staff hours sounds like a cash flow crisis. Is the Museum going to close?**

A. No. No one is exempt from the current turbulent market, and arts organizations in particular are vulnerable. That's why we've adopted this financial security plan, which addresses both the short-term needs of the Museum and its long-term health.