



**ASSOCIATION OF ART MUSEUM DIRECTORS' BOARD OF TRUSTEES
APPROVES RESOLUTION TO PROVIDE ADDITIONAL FINANCIAL FLEXIBILITY
TO ART MUSEUMS DURING PANDEMIC CRISIS**

New York, NY—April 15, 2020—The Board of Trustees of the Association of Art Museum Directors (AAMD) has passed a series of resolutions addressing how art museums may use the restricted funds held by some institutions. These resolutions were proposed in recognition of the extensive negative effects of the current crisis on the operations and balance sheets of many art museums—and the uncertain timing for a museum’s operations, fundraising, and revenue streams to return to normal.

The resolutions state that AAMD will refrain from censuring or sanctioning any museum—or censuring, suspending or expelling any museum director—that decides to use restricted endowment funds, trusts, or donations for general operating expenses. The resolution also addresses how a museum might use the proceeds from deaccessioned art to pay for expenses associated with the direct care of collections. The resolution does not change AAMD’s Professional Practices or any other rules currently in place, but instead effectively places a moratorium on punitive actions through April 10, 2022. AAMD also recognizes that it is not within the Association’s purview to approve the redirection of restricted funds. However, it hopes that these resolutions will serve as an endorsement to donors or the relevant legal authorities, encouraging them to permit the temporary use of these funds for unrestricted needs.

“This is a crisis without precedent in our lifetime, with global implications and with a timeline that unfolds as we live it,” said Brent Benjamin, president of the Association of Art Museum Directors and The Barbara B. Taylor Director of the Saint Louis Art Museum. “On the one hand, there is no clear timeline for the pandemic concluding, for the economy to begin growing again, and for life to return to normal. Art museums, on the other hand, typically plan their exhibitions and activities months or years in advance, including anticipating both the costs and fundraising needs for each initiative. Since planning for the future with any accuracy is impossible, while earned revenue has stopped and the future of charitable giving is unknown, it was important for AAMD to take a step that could provide some additional financial support to art museums.”

The resolutions address two separate sets of restrictions, one regarding endowment funds, trusts, or donations, and the other regarding the use of proceeds from deaccessioned art. For the former, the resolution states that AAMD will not impose censure or sanctions on an institution that considers the following sources for general operations, including necessary expenses such as staff compensation and benefits:

- Income (not principal) from endowment funds or trusts held by a museum and that are normally restricted to purposes other than general operations such as art acquisition, conservation, or research;
- Income (or principal) from donations or trusts held by outside entities in support of the museum, and that are also restricted to purposes other than general operations such as art acquisition, conservation or research; and
- And the income (not principal) from funds generated by deaccessioned works of art, regardless of when the works were deaccessioned.

Additionally, an institution may use the proceeds from deaccessioned works of art—regardless of whether the works were deaccessioned before or after the date of these resolutions—to support the direct care of the museum’s collection. To use the proceeds from deaccessioned works of art for this purpose, the museum must have in place a board-approved policy outlining what expenses it considers as direct care, and the policy must be publicly accessible (e.g., posted to its website). This temporary approach is not intended to incentivize deaccessioning or the sale of art, only to provide additional flexibility on the use of the proceeds from art that may be sold. AAMD’s longstanding principle that the proceeds from deaccessioned art may not be used for general operating expenses remains in place.

In all cases, museum directors that choose to access these otherwise-restricted funds—or to deaccession and sell art to generate funds—must meet the applicable legal requirements for their jurisdiction. Where possible, they should also consult with the donors or trustees of these funds, or the donors of works of art to be deaccessioned. Museums are expected to maintain a record of the funds taken from each separate source, and how those funds were used.

“We recognize the severity of the current crisis and the immediate financial needs of many institutions,” said Christine Anagnos, executive director of AAMD. “At the same time, whether it is the principal of an endowment or the art that comprises a museum’s collection, we need to protect important assets for future use. These resolutions strike a balance between addressing near-term needs and our long-held values, and we expect that any institution that exercises these options will do so in good faith.”

About AAMD

The Association of Art Museum Directors advances the profession by cultivating leadership capabilities of directors, advocating for the field, and fostering excellence in art museums. An agile, issues-driven organization, AAMD has three desired outcomes: engagement, leadership, and shared learning. Further information about AAMD’s professional practice guidelines and position papers is available at www.aamd.org.

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FREQUENTLY ASKED QUESTIONS

Q. How much money could a museum be expected to gain by using the earnings from an endowment rather than the principal?

A. To give a simple example: a museum with a restricted endowment of \$1,000,000, with an annual spending rate of 5%, would have an additional \$50,000 available to cover operating expenses. The specific amounts will depend on each art museum, the amount of its investments, and the amount earned from those investments.

Q. Under these resolutions, how can a museum use funds generated from deaccessioned art?

A. There are two ways in which an art museum can use the proceeds from deaccessioned art:

- Option 1. If a museum deaccessions a work of art that generates \$1 million, and places that \$1 million into an acquisition fund, that fund can generate income. With a spending rate of 5% per year, the museum would have an additional \$50,000 available to cover **operating expenses**.
- Option 2. If a museum deaccessions a work of art that generates \$1 million, it may use some or all of the \$1 million proceeds for **direct care of collections**, provided that the museum has a board-approved policy defining direct care and has made that policy public.

Q. What about using funds that were donated for a specific purpose and instead applying them to operating expenses?

A. If a donor gave a museum \$1 million to be used for a specific purpose—with the intention that the institution use the principal of the gift, not just the income generated by investing it—a museum may use some or all of those funds for general operations, provided they have obtained the consent of the donor and otherwise complied with any legal restrictions.

Q. How does AAMD define “direct care”?

A. Each museum must determine its own definition of “direct care,” develop and adopt a policy that articulates that definition clearly, and share it publicly. We recommend that institutions draw on a position paper developed by the American Alliance of Museums (AAM) (https://www.aam-us.org/wp-content/uploads/2018/01/Direct-Care-of-Collections_March-2019.pdf) as a starting point.

Q. Does AAMD have the authority to allow museums to change how restricted funds are used?

A. No, AAMD cannot grant “permission” for a museum to use restricted assets for alternative purposes. That will depend on the legal requirements applicable to the museum and the particular fund. The purpose of the resolution passed by the Board of Trustees is to make clear that AAMD itself will not penalize an institution if it does use restricted funds this way.