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DEACCESSIONING: A PRAGMATIC APPROACH

Ardis E. Strong*

Art museums are curators of ideas, preservers of culture, and educators on the evolving aesthetics and morals of society. As such, they play an important role in contemporary society and should be accessible to a wide and diverse audience. One important debate in how museums best serve the public interest involves the museum practice of deaccessioning. Historically, policies governing the proceeds museums receive when they deaccession (or remove) work from their collection have strictly limited the use of these funds to the purchase of new art. This policy is based on the idea that museums hold art for the public trust and should therefore keep their collection separate from other museum assets. These ideas are relatively uncontroversial when dealing with financially healthy museums. However, the past decade has seen many museums struggling to keep the doors open and audiences engaged.

The debate over deaccessioning resurfaces each time a museum on the brink of closure breaks industry rules by selling work to pay for museum operations. While recognizing the importance of the museum’s role in keeping art in the public trust, this note questions whether the closure of a museum ever serves the public interest. Several prominent art lawyers and art critics have advocated for relaxing the rules governing the use of deaccessioning funds and allowing deaccessioned work to remain accessible to the public. These proposals appear to have little traction among industry regulators who enforce deaccessioning rules largely through sanctions and public condemnation. This note argues that the organizations that regulate museum practices should take a more proactive approach to assisting struggling institutions and a more collective approach to collections management that encourages individual museums to look to the
wider cultural community when making tough decisions on how best to serve the public interest.

INTRODUCTION

In 2008, the National Academy Museum in New York City (the “Academy”) drew stiff sanctions from the Association of Art Museum Directors (“AAMD”)\(^1\) when it sold two works from its collection.\(^2\) The members of the Academy\(^3\) sold the two works—Frederic Edwin Church’s 1854 “Scene on the Magdalene” and Sanford Robinson Gifford’s 1859 “Mount Mansfield, Vermont”—

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1 The Association of Art Museum Directors is a professional organization of art museum directors whose mission involves “establishing and maintaining the highest standards of professional practice, serving as forum for the exchange of information and ideas, acting as an advocate for its member art museums, and being a leader in shaping public discourse about the arts community and the role of art in society.” Mission, ASS’N ART MUSEUM DIRECTORS, https://aamd.org/about/mission (last visited Sept. 18, 2015). Violating the AAMD’s code of ethics may result in loss of membership as well as sanctions that prevent the violating museum from receiving loans of artworks or participating in shared exhibitions with other institutions. Code of Ethics, ASS’N ART MUSEUM DIRECTORS [hereinafter AAMD Code of Ethics], https://aamd.org/about/code-of-ethics (last visited Sept. 18, 2015).


3 The National Academy is an organization founded by artists and architects to foster art and design in America outside of the traditional system of aristocratic patronage. History, NAT’L ACAD. MUSEUM, http://www.nationalacademy.org/about-us/history/ (last visited Sept. 18, 2015). Current members of the Academy, called academicians, elect new members. Id. Upon induction into the academy, academicians must contribute a work of art to the National Academy for exhibit and educational purposes. Pogrebin, Branded a Pariah, supra note 2. The National Academy currently has over 300 members and a collection of over 7,000 artworks. History, supra. It operates a museum and an art school in New York’s Upper East Side. Id.
to an unnamed private foundation for $13.5 million. Faced with a growing deficit, a sharply declining endowment, and imminent layoffs, the Academy needed funds to avoid losing its building on Fifth Avenue’s Museum Mile. Rather than sell the building, the members, themselves artists with work in the Academy’s collection, voted to sell the two 19th Century works. In selling these works to ensure the survival of the institution, the Academy violated one of the major tenets of current museum administration—that the works in a museum’s collection are not “fungible asset[s].”

A museum’s practice of selling works from its collection is known as “deaccessioning.” Although deaccessioning is a common practice within the museum industry, it can be extremely controversial. As such, the AAMD’s Code of Ethics contains specific guidelines that museums must follow when deaccessioning work from their collections. One important rule is that museums can only sell work from their collections in order to raise capital for the purchase of new works. The Academy

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4 Pogrebin, Branded a Pariah, supra note 2; see also Randy Kennedy, National Academy Sells Two Hudson River School Paintings to Bolster its Finances, N.Y. TIMES (Dec. 6, 2008), http://www.nytimes.com/2008/12/06/arts/design/06acad.html (discussing the sale of the two works).
5 See Pogrebin, Branded a Pariah, supra note 2; Kennedy, supra note 4.
6 Pogrebin, Branded a Pariah, supra note 2 (“[T]he [member] artists agonized over the proposal to sell the works before voting 183 to 1 in favor.”).
8 Derek Fincham, Deaccession of Art from the Public Trust, 16 J. ART, ANTIQUITY & L. 93, 94 (2011).
9 The AAMD’s Code of Ethics outlines the duties and rules of professional conduct expected of museum directors. See ASS’N ART MUSEUM DIRS., PROFESSIONAL PRACTICES IN ART MUSEUMS 17 app. at 17–19 (2011) [hereinafter AAMD, PROFESSIONAL PRACTICES], https://aamd.org/sites/default/files/document/2011ProfessionalPracticesinArtMuseums.pdf. It is designed to uphold public trust in museums and avoid conflicts of interest or other questionable legal activities. Id. at 17.
10 Id. at 18. One provision of the code of ethics relates directly to the director’s role in deaccessioning: “[T]he director must not dispose of accessioned works of art in order to provide funds for purposes other than acquisitions of works of art for the collection.” Id.
violated this rule by using the funds from the Church/Gifford sale to replenish its operating budget.\footnote{11}

The AAMD lifted the sanctions against the Academy in 2010, after the museum worked with the AAMD to change its policies and develop more secure financial strategies.\footnote{12} However, the 190-year-old institution remained on probation until 2015.\footnote{13} Carmine Branagan, the director of the Academy, described the sanctions as “very, very painful”\footnote{14} but noted that they ultimately made the museum stronger.\footnote{15} Despite the recognition of the damage caused by these sanctions, the threat of sanctions did not sufficiently deter deaccessioning in the first place.

Financial crises and threats of possible closure will force other museums to similarly weigh their options and decide how best to proceed. For the Academy, it was better to accept the sanctions than risk closure.\footnote{16} The rules governing the museum industry, however, make it difficult for a struggling museum to practice this kind of serious introspection.\footnote{17} By limiting how a museum may

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\footnote{12}{See Pogrebin, \textit{Sanctions Are Ending}, supra note 7.}

\footnote{13}{Pogrebin, \textit{A Chastised Museum}, supra note 11.}

\footnote{14}{Pogrebin, \textit{Sanctions Are Ending}, supra note 7.}

\footnote{15}{Id.}

\footnote{16}{Pogrebin, \textit{Branded a Pariah}, supra note 2.}

allocate the proceeds from deaccessioning, guidelines like the AAMD’s intentionally eliminate a major revenue source for an institution. Furthermore, the AAMD’s policy creates a dichotomy in which larger, cash-rich museums can regularly deaccession work with little consequence because they can promptly use the money to buy more art, while small, struggling institutions receive heavy sanctions for using deaccessioning to simply remain open. If, as the AAMD Code of Ethics states, the purpose of the art museum is truly to “serve and educate the public through collection, research, preservation, exhibition, and the advancement of knowledge about works of art,” then the rules governing deaccessioning should be flexible enough to ensure that all institutions, regardless of size or level of financial stability, can fulfill that mission to the public when faced with economic crises.

This Note argues that current rules for deaccessioning overly burden smaller institutions and should be changed to embrace a strategy of community-based collections management. Although strict guidelines for deaccessioning provide important protections for museum collections, they do not always further the larger goal of providing public access to great works of art. The organizations that regulate museums—the AAMD and the American Alliance of Museums (“AAM”)—should allow oversight, these guidelines act as “powerful norms” within the museum community. See Fincham, supra note 8.


21 AAMD Code of Ethics, supra note 1.

financially struggling museums to use deaccessioning funds for purposes other than collections management, provided that these institutions meet certain criteria regarding their long-term financial solubility and their commitments to provide public access to their collections. With the guidance and supervision of the AAMD and the AAM, these museums could work to ensure that the artwork they deaccession stays in the public trust and that deaccessioning does not become a permanent fundraising tool for the institution.23 By providing assistance and oversight in these difficult matters, the AAMD and the AAM could prevent the closure of regionally important museums and further the larger mission of the museum industry to “serve and educate the public.”24

Part I of this Note provides a background on deaccessioning in the context of American museum practices. Part II looks at recent controversies involving deaccessioning through the lens of industry self-regulation. Part III examines how some restrictions on deaccessioning can help preserve the financial well-being of museums. Part IV analyzes four museums that closed in the past five years due to financial crises and examines the impact these closures have had on the communities in which the museums were located. Part V recommends ways to strengthen deaccessioning policies within both individual museums and across the wider museum community. One recommendation involves improving the

23 There are many critics of deaccessioning, and one of their major critiques is that works are often sold to private buyers, and thus become unavailable to the public. See Jori Finkel, Whose Rules Are These Anyway?, N.Y. TIMES (Dec. 24, 2008), http://www.nytimes.com/2008/12/28/arts/design/28fink.html?pagewanted=1&r=0 (“[M]useums get tax-deductible donations of art and cash to safeguard art collections for the public. Selling off any holdings for profit would thus betray that trust, they say, not to mention rob a community of art, so no exceptions for financial hardships should be allowed.”). Removing art from the public trust is problematic not only because museums operate for the benefit of the public, but also because donations comprise the majority of museum collections. See Mary Varson Cromer, Don’t Give Me That!: Tax Valuation of Gifts to Art Museums, 63 WASH. & LEE L. REV. 777, 780, 795 (2006); Lauren McBrayer, The Art of Deaccessioning: An Ethical Approach, SK061 A.L.I.–A.B.A. 339, 344–45 (2005). Many donors expect that museums will protect and display their donated works, not sell their works to raise money for other expenses. See Cromer, supra; McBrayer, supra.

24 AAMD Code of Ethics, supra note 1.
incentives for unrestricted donations to museums. A second recommendation suggests the adoption of a community-wide collections management strategy that will further the interests not only of the individual institutions but also of the larger communities they serve. Such an approach would allow museums to deaccession work in order to remain open, while still serving the underpinning goals of current professional guidelines.

I. HISTORY OF DEACCESSIONING IN AMERICAN MUSEUMS

A. The Issue of Art Ownership in American Museums

The Metropolitan Museum of Art (the “Met”) pushed the practice of deaccessioning into the public light in 1972 when it sold works donated by prominent collector Adelaide Milton de Groot.\textsuperscript{25} De Groot died in 1967 and bequeathed her collection of European Old Masters and Post-Impressionists to the Met with the stipulation that the Met:

\begin{quote}
\textit{[is] not to sell any of said works of art, but to keep such of said works of art as it desires to retain for itself, and to give the balance to such one or more important Museums as said Metropolitan Museum of Art shall select, giving preference, first, to Museums situated in the Borough of Manhattan, City of New York, second to Museums situated elsewhere in the State of New York, and third, to Museums situated in the State of Connecticut.}\textsuperscript{26}
\end{quote}

Five years later, the Met “quietly sold” a number of works from the de Groot collection in order to replenish funds which were used to purchase Diego Velazquez’s \textit{Portrait of Juan de Pareja}.\textsuperscript{27}

\textsuperscript{25} Harry Weintraub, \textit{Museums With Walls: Public Regulation of Deaccessioning and Disposal}, ART & L., Fall 1975, at 1, 1–5.

\textsuperscript{26} Id.

\textsuperscript{27} See Fincham, supra note 8, at 113. Diego Velazquez’s \textit{Portrait of Juan de Pareja} cost the Met a record breaking $5.6 million dollars. \textit{See id.} The Met also likely used funds from deaccessioning the de Groot paintings to acquire the \textit{Euphronios Krater}, a masterwork of Greek Antiquity that authorities later proved was illegally excavated from an Etruscan tomb. \textit{See id.} While there is no direct link between the purchase of the \textit{Euphronios Krater} and the sale of the de
According to the Met, de Groot’s request was not legally binding and the works were of inferior quality compared with others in the collection. This sale drew criticism from donors, the public, and the New York State Legislature. The New York Attorney General investigated the sale but ultimately cleared the Met of any wrongdoing. While the Met demonstrated questionable ethics in deaccessioning works against the donor’s intent, its efforts were relatively customary. The Met used the funds from the deaccessioned work to refine and expand its collection thus enhancing its cultural influence. The Met’s reasons for deaccessioning and its use of the funds from the sale meet today’s

Groot Collection, the fact that these transactions and the Velázquez purchase occurred during the same year, 1972, is telling. The N.Y. Times reported, in February 1973, that the Met raised the funds needed to buy the Krater by selling ancient coins worth $1.2 million, but all museum curators were under pressure at the time to deaccession work because the museum “was in dire need of funds.” Nicholas Gage, *How the Metropolitan Acquired “The Finest Greek Vase There Is,”* N.Y. Times (Feb. 19, 1973), http://graphics8.nytimes.com/packages/pdf/arts/Metacquired.pdf. From its initial acquisition of the Krater, the Met faced questions about the origins of the vase. *See id.* In 2006, the Met reached an agreement with Italian authorities in which the Met would return the Krater illegally excavated from Italian soil in exchange for “long-term loans of objects from Italian collections of equivalent importance and beauty.” Elisabetta Povoledo, *Met to Sign Accord in Italy to Return Vase and Artifacts,* N.Y. Times (Feb. 21, 2006), http://www.nytimes.com/2006/02/21/arts/design/21anti.html.

28 Weintraub, *supra* note 25, at 5.

29 *See* Fincham, *supra* note 8, at 113. Today there are specific guidelines for why a museum can deaccession a work in its collection. *See AAMD POLICY ON DEACCESSIONING,* *supra* note 17, at § 1(B). Although these rules were not in place in 1972, the museum industry generally accepts “poor quality” as a reason to deaccession art. *See id.* at § 2(A). Whether these works were truly of poor quality is a matter of opinion. The collection included works by van Gogh, Renoir, Henri Rousseau and other prominent artists from that era. Fincham, *supra* note 8, at 113.

30 *See* Fincham, *supra* note 8, at 113–14.


33 *See id.* (describing the various reasons for deaccessioning and disposal, including “opportunities to acquire finer examples of the same kind of object, an attempt to bring a greater balance to the collection, or a curatorial judgment as to the lessening of an object’s aesthetic and/or historical worth”).
professional standards. 34 Barring any wrongdoing concerning donor intent, the Met would likely avoid sanctions if a similar sale happened today.

Much of the controversy surrounding deaccessioning involves the deeper question of who owns the art in museums. In the case above, the Met operated as the owner of the work from the de Groot collection and exercised full dominion and control of the works just as a private collector might. 35 However, if the museum is considered a “public trust,” a view common in Europe and also supported by many in the United States, 36 then it is the public, not the museum, who actually “owns” the work. 37 The Met expressly ignored the wishes of donor Adelaide de Groot, who clearly intended her gift to remain in the public domain even if the work

34 See AAMD POLICY ON DEACCESSIONING, supra note 17, at § 1(B) (discussing that funds received from the disposal of a deaccessioned work “may be used only for the acquisition of works in a manner consistent with the museum’s policy on the use of restricted acquisition funds”).

35 In fact, many proponents of deaccessioning, as well as many museum directors, view museums as the owners of the art in their collection. While they recognize the duty of the museum to provide public access, they do not believe the public owns the art, but rather view the art as a fluid aspect of the museum’s larger mission. See Donn Zaretsky, More on Deaccessioning, ART L. BLOG (Dec. 17, 2008, 10:39 AM) http://theartlawblog.blogspot.com/2008/12/more-on-deaccessioning.html (“It seems such a phony metaphor, this notion that everything owned by every art museum actually ‘belongs’ to the public . . . . Stuff is owned by museums for the benefit of the public, but stuff isn’t owned directly by the public . . . . And maybe we should be thankful it’s not owned outright by the public, who may have sold out long ago to pay for sports stadiums or to balance city budgets or whatever.”); see also Carol Vogel, Museums Set to Sell Art, and Some Experts Cringe, N.Y. TIMES (Oct. 26, 2015), http://www.nytimes.com/2005/10/26/arts/design/museums-set-to-sell-art-and-some-experts-cringe.html (“When the collection was initially developed, Conger Goodyear, the museum’s first president, said it would have the same permanence as a river—we know what direction it is going in, but it has to be fluid. That’s how we operate.”).


37 See Stephens, supra note 36, at 122–23.
was not housed at the Met. From a public policy viewpoint, one could argue that de Groot actually bequeathed her collection to the people of New York and that the Met simply served as the protector and trustee of the work. This perspective casts doubt on whether the public benefitted from the exchange of the Velazquez painting and the stolen Greek vase for the de Groot paintings.

The National Academy Museum case further complicates this picture of ownership. The Academy does not purchase artwork; instead, artists who serve as members of the Academy donated the 7,000 works of American art in its collection. In fact, the Academy requires members to make such donations in order to become members. Thus, the Academy would never have the opportunity to use deaccessioning funds in accordance with the current AAMD guidelines. The Academy, whose mission is to educate and support American artists and architects, is arguably more responsible to its artist-members than to the larger public. The Academy is not a public institution and does not answer to the New York Board of Regents, which oversees other cultural and educational institutions in the state, because it was founded prior to the establishment of the Board of Regents. However, the current rules regarding deaccessioning treat the Academy in the same way as they would a museum that regularly uses deaccessioning to expand and maintain its collections.

These scenarios reveal the complicated lines of ownership that plague the management of collections for museums. If the museum

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38 Weintraub, supra note 25, at 5. De Groot’s will stipulates that if the Met did not retain the work it would be given to other museums in the region with a focus on Manhattan and then the people of New York and Connecticut. She did give the Met permission to sell the work to private collectors. Id.
39 See id.
40 See id. at 1, 5.
41 Pogrebin, Branded a Pariah, supra note 2.
42 Id.
43 See id.; AAMD POLICY ON DEACCESSIONING, supra note 17, at § 1(B).
44 See History, supra note 3.
45 See id.; Fincham, supra note 8, at 121.
46 There is no exception in the AAMD’s deaccessioning guidelines for museums that do not acquire new work through purchases. See AAMD POLICY ON DEACCESSIONING, supra note 17, at § 1(B).
owns the work, the museum board should be able to use or sell the work to further the best interests of the museum.\textsuperscript{47} If the public owns the work, on the other hand, then the museum board should use the work in ways that prioritize the best interests of the public, which are based on the museum’s broad mission of collecting and preserving works and educating and enriching the community.\textsuperscript{48} Finally, if donors can retain some control of their gifts, as is the case with the National Academy, then they should also be able to control the use of funds generated by the subsequent sale of their gifts.\textsuperscript{49} All of these assumptions, however, potentially run counter to the current guidelines that regulate deaccessioning. Deaccessioning guidelines should therefore change so as to fall in line with a reality that serves a variety of ownership interests.

\textbf{B. History of Deaccessioning as a Legal Issue}

Until the de Groot scandal at the Met, few people knew about or understood museum deaccessioning practices.\textsuperscript{50} However, this

\textsuperscript{47} See Fincham, \textit{supra} note 8, at 96. This is generally the stance taken by a corporate law approach to the governing of nonprofit organizations such as museums. \textit{See id.} at 97–98. Courts that take this approach are reluctant to overturn decisions made by the museum board unless there are signs of gross negligence or illegality on the part of board members. \textit{Id.}

\textsuperscript{48} See \textit{id.} at 112. This argument stems largely from the public trust doctrine that has its roots in Environmental Law and land rights. \textit{Id.} at 114–115. If art is part of the public trust, the same way rivers and parklands are, then preserving art for the enjoyment and benefit of future generations should be the first priority of museums. If this is the case, then is deaccessioning ever an acceptable option? \textit{See generally id.} at 114–16 (discussing the public trust doctrine in the context of property and environmental law and how owners of property which falls under the public trust must preserve the public’s right to access and use).

\textsuperscript{49} In fact, the Academy objected to the AAMD sanctions arguing that because the Academy did not purchase any art, it should not be held to the same standards governing the use of funds from deaccessioning. \textit{See id.} at 121.

\textsuperscript{50} See Stephen K. Urice, \textit{Deaccessioning: A Few Observations,} SR005 A.L.I.–A.B.A. 207, 209 (2010); \textit{see also} Weintraub, \textit{supra} note 25, at 1 (explaining that the public was largely unaware of museum deaccessioning practices until the New York Times uncovered the practices that became the de Groot scandal in 1972); \textit{see also} Fincham, \textit{supra} note 8, at 120 (footnote omitted) (“Given the controversy which often surrounds deaccessioning,
case, combined with scandals at the Brooklyn Museum of Art and the Museum of the American Indian,\textsuperscript{51} prompted the New York Attorney General to call for greater restrictions and a clearer museum policy regarding deaccessioning by New York institutions.\textsuperscript{52} Today, a museum’s decision to deaccession work garners more public scrutiny than it would have forty years ago, meaning museums have greater incentive to uphold a high standard of ethics in their deaccessioning practices.\textsuperscript{53} The governing bodies of the museum industry, the AAM and the AAMD, have strict ethical guidelines for collections management.\textsuperscript{54} While these guidelines are not legally binding, violating the code of ethics of either organization draws significant punitive punishments.\textsuperscript{55} The fear of bad press and the threat of sanctions by the museum museums often attempt to make deaccessions as quickly and quietly as possible. In fact, in the early 1970s museums often attempted to avoid any publicity—a troubling trend which continues today.”).

\textsuperscript{51} See William Twaddle, \textit{Museum Activities: Acquisition and Disposition of Art Objects}, 4 ART & L. 67, 67–69 (1979) (explaining the controversy at the Brooklyn Museum of Art in which the curator of primitive art, Michael Kan, was charged with selling American Indian artifacts from the museum’s collection to a well-known dealer in exchange for items for his personal art collection); see also Weintraub, \textit{supra} note 25, at 1 (detailing the scandals at the Met and the Museum of the American Indian).


\textsuperscript{53} Fincham, \textit{supra} note 8, at 114.

\textsuperscript{54} Id. at 125; see also AAM Code of Ethics, \textit{supra} note 17; AAMD POLICY ON DEACCESSIONING, \textit{supra} note 17.

\textsuperscript{55} AAMD POLICY ON DEACCESSIONING, \textit{supra} note 17, at § VIII (explaining that members who violate these policies “may be subject to censure, suspension, and/or expulsion”); see also Press Release, Dewey Blanton, Am. All. of Museums, Statement on the Deaccessioning by the Delaware Art Museum and the Action taken by the AAM Accreditation Commission http://www.aam-us.org/about-us/media-room/2014/delaware-accreditation-status (last visited Sept. 18, 2015) (“On June 17, 2014, the AAM Accreditation Commission unanimously voted to remove the Delaware Art Museum’s accredited status in response to the board’s decision of March 26, 2014, to deaccession and to sell works from the collections for purposes other than acquisitions or direct care of collections.”).
industry largely encourage compliance with ethical guidelines by museums.\textsuperscript{56}

1. American Museums versus European Museums

Deaccessioning is rare in Europe and is subject to strict guidelines.\textsuperscript{57} This is, in part, because the European public views its great museums as cultural repositories that seek to preserve a national identity.\textsuperscript{58} The government owns and operates many of these museums and government leaders appoint museum boards.\textsuperscript{59} The artwork in European museums takes on a nationalistic quality tied to memories of past heroes or conquests.\textsuperscript{60} Selling the artwork

\textsuperscript{56} See Pogrebin, \textit{Sanctions Are Ending}, supra note 7 (“You’re completely incapable of designing exhibition programming going forward because you can’t loan and you can’t get loans, and sanctions also affect funding. Sanctions were very, very painful.”).

\textsuperscript{57} For example, “[t]he British Museum Act of 1963 allows works to be deaccessioned from the collection only if they are duplicates of other works or are so damaged as to be ‘useless.’” Henry Lydiate, \textit{Deaccessioning Public Collections}, ART MONTHLY, July 2011, at 348, 348. In France, rules against deaccessioning have existed since the 16th century: “any work that enters a French national museum collection has been considered legally ‘inalienable’—meaning it can only be sold or given away after a lengthy procedure to delist it.” Lee Rosenbaum, \textit{Cultural Patrimony Alerts: Italian Pollution Risks, French Deaccession Discussions}, ARTS J. BLOG (Oct. 25, 2007, 12:00 AM), http://www.artsjournal.com/culturegrrl/2007/10/cultural_patrimony_alerts_ital.html.

\textsuperscript{58} See Panero, supra note 36, at 6. For example, Britain’s National Gallery was founded by the House of Commons “on behalf of the British people by their lawful representatives.” Id. at 6. During World War II, Churchill refused to allow the collection to leave England, signaling the importance of the collection “to the identity of the nation.” Id. at 5. The Louvre was founded to display the spoils of the French Revolution, exhibiting the nationalized treasures seized from the monarchy in a former Bourbon Palace just blocks away from the square where the members of the ruling aristocracy met the guillotine. Id. at 7.

\textsuperscript{59} Id. at 7.

\textsuperscript{60} See generally NOAH CHARNEY, \textit{STEALING OF THE MYSTIC LAMB: THE TRUE STORY OF THE WORLD’S MOST COVETED MASTERPIECE} 79–102 (2010) (outlining how Napoleon further cemented the Louvre’s importance by harnessing the “symbolic power in the capture and display of the cultural treasures of fallen nations”).
for any reason may result in loss of government funding (the primary source of revenue) for an offending institution.\footnote{See Jillian Steinhauer, Deaccessioning Crisis Has UK Museums Group Contemplating Stricter Guidelines, HYPERALLERGIC (Dec. 29, 2014), http://hyperallergic.com/171802/deaccessioning-crisis-has-uk-museums-group-contemplating-stricter-guidelines/ (describing how the Northampton Museum and Art Gallery in England sold an Egyptian sculpture in the summer of 2014 for £15.8 million, causing the Northampton Museum to lose its accreditation, and thus, funding from the Heritage Lottery Fund).}

In America, private individuals seeking to promote personal ideals generally founded and supported museums.\footnoteref{Panero, supra note 36, at 7.} Lack of government control and private support is part of American museum culture.\footnoteref{Id.} The idea of “private wealth transferred to the public trust”\footnoteref{Id.} was seen as a manifestation of American virtue based on the belief that “a virtuous people with a passion for the public good might create institutions in the public interest that could one day rival or even exceed the great museums of Europe, all without the compulsion of the government.”\footnoteref{Id.} Such reliance on private philanthropy has, however, prevented many museums from reaping the benefits of the stable funding source that museums in many European countries enjoy and has forced American museums to take a more pragmatic approach to deaccessioning than their European counterparts.\footnoteref{Id. at 7; see also Knight, supra note 18 (“It’s called the permanent collection, but permanent doesn’t mean dead. Unlike in Europe, where many art museums are government treasure houses and nothing is sold, American museum collections are living organisms. They take shape over time.”).}

2. The Structure of American Museums

Most museums in the United States operate as either nonprofit corporations or as charitable trusts.\footnoteref{Virginia D. Ryan, Balancing Donor Intent with Museum Needs: Proposed Deaccession Planning Strategies for Art Bequeathed to Museums, 101 KY. L.J. 863, 864 (2013).} Although the structure has little effect on the mission and day-to-day operations, it can have
significant legal implications with regards to the deaccessioning of its collection.\textsuperscript{68} Trust law generally applies a much higher fiduciary standard on the actions of museum trustees than corporate law does on the actions of boards-of-directors of nonprofit corporations.\textsuperscript{69} Museums that are nonprofit corporations or part of institutions of higher learning may more easily survive legal challenges to deaccessioning because of the business judgment rule, which “permits directors to use their own judgment and excuses simple errors.”\textsuperscript{70} Thus, museum boards that operate under the laws of nonprofit corporations generally have more freedom to make decisions about the institutions’ missions and finances.\textsuperscript{71}

Even if the museum is a nonprofit corporation that benefits from the flexibility of the business judgment rule, the board, like trustees of a charitable trust, must operate for the benefit of the public.\textsuperscript{72} Because of the special tax status the government grants to both entities, all significant decisions must be made with the public’s interest in mind.\textsuperscript{73} State attorneys general are tasked with challenging questionable museum practices.\textsuperscript{74} However, many attorneys general are reluctant to challenge the legality of a


\textsuperscript{69} Id. (“The directors of for-profit corporations, while fulfilling duties similar to those of trustees, generally are held to a lower standard of care.”).

\textsuperscript{70} Id. at 1053. For an example of the business judgment rule applied to the decisions of museum boards, see the case of the Albright-Knox Gallery in Buffalo, NY. Dennis v. Buffalo Fine Arts Academy, 836 N.Y.S.2d 498 (Sup. Ct. 2007).


\textsuperscript{72} White, \textit{supra} note 68, at 1049.

\textsuperscript{73} Id. at 1049–50.

\textsuperscript{74} See id. at 1051; \textit{see also} Burgess & Shane, \textit{supra} note 52, at 178 (“State attorney generals [sic] have legal authority over nonprofits, and it is part of their responsibility to engage in the policy debates and issues affecting the nonprofit community.”).
museum’s deaccessioning practice. More often, other members of the community bring forth such challenges. Attorneys general have primarily taken a hands-off approach, allowing the museums and professional organizations to create policies and guidelines aimed at self-regulation.

3. Self-Regulation in American Museum Culture

The original intent of the founders of American museums, namely that private philanthropy should support the creation of public institutions, has fostered the assumption that museums operate as a public trust no matter their form of organization. This ideal places enormous pressure on museum trustees to make decisions in the best interests of the public. When institutions are faced with the option of deaccessioning or closure, opponents of deaccessioning often blame the museum trustees for breaching their fiduciary duties to the public. These critics argue that a museum board that breaches its fiduciary duty to the public should be shut down to allow other museums, with better management, to prosper. Others claim that preventing boards from using

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75 See Burgess & Shane, supra note 52, at 182 (“[T]he focus has been on self-regulation with little government actor influence.”); see also Fincham, supra note 8, at 102–03.

76 See, e.g., Dennis v. Buffalo Fine Arts Academy, 836 N.Y.S.2d. 498 (Sup. Ct. 2007). For more information about the Fisk University case, see infra Part II, section A.

77 See Burgess & Shane, supra note 52, at 183.

78 See Stephens, supra note 36, at 122, n.7.

79 White, supra note 68, at 1052 (“The trustee standard of loyalty requires the trustee to ‘administer the trust solely in the interest of the beneficiaries,’ which is the general public in the case of a charitable trust. The trustee must display complete loyalty to the interests of the public.” (footnote omitted) (quoting Restatement (Third) of Trusts § 170 (1990))).

80 See Urice, supra note 50, at 213; see also White, supra note 68, at 1051–54 (discussing the fiduciary duties of trustees and directors).

81 Tyler Green, Failure Is An Option, MODERN ART NOTES, (Jan. 5, 2009, 11:06 AM), http://blogs.artinfo.com/modernartnotes/2009/01/failure-is-an-option/; see also Urice, supra note 50, at 213 (“[R]enegade museums that flout best practices and ethical norms for the application of proceeds from deaccessioning pose a considerable risk to the wider museum community.”). Art lawyer Donn Zaretsky describes this position as a “moral hazard” argument. Donn Zaretsky,
Deaccessioning to fund operations serves as a “discipline device over managers.”\(^82\) Strict rules prevent boards from using their collections as a “safety net” to cover poor decision-making.\(^83\) These attitudes have fostered a culture of self-regulation in the American museum industry and have given significant power to the organizations that regulate museum behavior.\(^84\)

The Professional Codes of Ethics that both the AAMD and the AAM have developed reflect each organization’s desire for a self-regulated industry.\(^85\) These guidelines include provisions outlining the conditions during which deaccessioning is appropriate and the methods through which museums may allocate the profits collected from such deaccessioning.\(^86\) Both organizations require that deaccessioning be practiced only in furtherance of the museum’s


\(^{83}\) Rushton, *supra* note 82 (explaining how the rules on deaccessioning parallel financial corporations that carry larger debt than necessary in order to encourage better oversight by managers or risk bankruptcy).

\(^{84}\) See *id.* (“By creating a culture against deaccessioning-for-operating-funds, by having strong sanctions against any museum that acts against the rules, museum trustees are able to constrain management (‘don’t think you can sell art if you run into financial troubles – it cannot be done’) and satisfy donors (‘we couldn’t sell your work for operating funds even if we wanted to, the penalties are too great’).”)

\(^{85}\) See *AAM Code of Ethics, supra* note 17 (discussing how museums are responsible for more than compliance with laws and that they “must take affirmative steps to maintain their integrity so as to warrant public confidence”); see also *AAMD POLICY ON DEACCESSIONING, supra* note 17, at § A (illustrating how the AAMD encourages self-regulated industry by requiring the museums to develop clear policies).

\(^{86}\) See *AAM Code of Ethics, supra* note 17; *AAMD POLICY ON DEACCESSIONING, supra* note 17, at § II.
mission. Specifically, the AAM prohibits a museum from using funds from the disposal of deaccessioned work for any purpose “other than acquisition or direct care of collections,” and the AAMD permits such funds to “be used only for the acquisition of works in a manner consistent with the museum’s policy on the use of restricted acquisition funds.”88 The AAMD policy on deaccessioning states specific criteria for deaccessioning a work, such as: (1) the quality of work is poor and cannot be used for exhibit or study; (2) the work is duplicative; (3) the work is stolen or acquired by other illegal means; (4) the work is a forgery; (5) the work is damaged beyond repair; (6) the work is inconsistent with the museum’s mission or collection goals; and (7) the museum lacks the capacity to properly care for the work.89

The New York State Board of Regents, the government agency that charters and oversees museums in New York, amended its guidelines in 2011.90 In addition to encompassing criteria similar to the AAMD guidelines, the New York State Board of Regents included other notable criteria, such as:91 (1) the item is a hazard to people or other items in the collection; (2) the item has failed to retain its identity; or (3) the item is being returned to the donor, or the donor’s heirs or assigns.92 Although many of the 2,000 museums in New York answer to the Board of Regents,93 this

87 AAM Code of Ethics, supra note 17; AAMD POLICY ON DEACCESSIONING, supra note 17, at § I(A).
88 AAM Code of Ethics, supra note 17; AAMD POLICY ON DEACCESSIONING, supra note 17, at § I(B).
89 AAMD POLICY ON DEACCESSIONING, supra note 17, at § II.
91 The latest rules on deaccessioning by the New York Board of Regents went into effect June 8, 2011 and “apply to all museums and historic societies chartered by the Board of Regents.” Id.
92 Id. These rules are largely seen as broader than AAM and AAMD guidelines, but narrower than proposed legislation in the New York State Assembly. Id.
93 See Join and Support, MUSEUM ASS’N OF N.Y., http://manyonline.org/join-and-support (last visited Sept. 18, 2015); see also Burgess & Shane, supra note 52, at 180 (“The New York State Board of Regents . . . charters nearly all museums statewide.”).
group represents only a small portion of the 35,000 museums located across the United States. A few states have similar regulations governing the management of state-owned museums, however, most of the regulations to which museums adhere are self-imposed. Some legislative proposals have made headway in recent years but these have been met with stringent opposition from the museum community and professional organizations. The longstanding trend of American museums to operate independently of the government continues today.


95 Louisiana and North Carolina both adopted guidelines for deaccessioning at state operated museums. See LA. STAT. ANN. § 25:345 (2014) (regulating deaccessioning at the Louisiana State Museum); LA. STAT. ANN. § 25:1101 (2014) (regulating deaccessioning practices at state university art museums); N.C. GEN. STAT. ANN. § 140-5.14 (West 2015) (outlining the duties and powers of the Board of Trustees of the North Carolina Museum of Art, including policy regarding deaccessioning work).

96 The Brodsky Bill in New York is one such example of a legislative response to deaccessioning that was met with a cool response from the museum community. See Robin Pogrebin, Museums and Lawmakers Mull Sales of Art, N.Y. TIMES (Jan. 14, 2010) [hereinafter Pogrebin, Museums and Lawmakers], http://www.nytimes.com/2010/01/15/arts/design/15deaccession.html. The Brodsky Bill would have created strict rules for deaccessioning and prohibited museums from selling work to cover operating costs. See Burgess & Shane, supra note 52, at 180.

97 See Burgess & Shane, supra note 52, at 180 (“The announcement set off a firestorm of media attention as well as condemnation by professional associations and museum professionals.”); Robin Pogrebin, Institutions Try to Slow Bill to Curb Sales of Art, N.Y. TIMES (June 23, 2009) [hereinafter Pogrebin, Institutions Try to Slow Bill], http://www.nytimes.com/2009/06/23/arts/design/23deaccession.html. The legislators involved with the Brodsky Bill withdrew the bill in August 2010 in the face of sharp criticism from the arts community, including prominent museums like the Met and the Whitney as well as the Art Law Committee of the New York Bar. See Cirigliana, supra note 71, at 380–82; Fincham, supra note 8, at 105.

98 See Carolina A. Miranda, Museums Behaving Badly: Are Sanctions Too Little, Too Late?, L.A. TIMES (June 21, 2014.), http://www.latimes.com/entertainment/arts/miranda/la-et-cam-museums-behaving-20140619-column.html (“Nonprofits such as museums are already governed by many laws, at both
II. RECENT CONTROVERSIES INVOLVING DEACCESSIONING

This section examines three recent controversies involving deaccessioning which highlight the legal complications involved with deaccessioning and illustrate how the industry enforces professional guidelines through self-regulation. The first example, involving a body of work that Georgia O’Keeffe donated to Fisk University, shows how courts approach deaccessioning controversies through the application of *cy pres*. The second example looks at the Detroit Institute of Art’s battle to avoid deaccessioning in the face of the city of Detroit’s bankruptcy and the public outcry that supported the use of the collection to fund pensions. The final example examines industry self-regulation through a series of recent sales by the Delaware Art Museum that have drawn sanctions from the AAMD and AAM. All of these examples reveal an institution’s underlying mission and the larger goal of bringing art to the public. In each case, the institution suffered some form of financial crisis and proponents regarded deaccessioning as a possible solution. The different outcomes are

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99 See In re Fisk Univ., 392 S.W.3d 582, 585 (Tenn. Ct. App. 2011). The *cy pres* doctrine allows a court to “‘reform[ ] a written instrument with a gift to charity as closely to the donor’s intention as possible, so that the gift does not fail.’” Further, “[c]ourts use *cy pres* especially in construing charitable gifts when the donor’s original charitable purpose cannot be fulfilled.” Ryan, *supra* note 67, at 872–73.


distinct and lead to continued questions about the problem of ownership and control of the works in a museum.

A. Fisk University’s O’Keeffe Collection

In the late 1940’s, prominent American artist Georgia O’Keeffe donated 101 works of art to Fisk University, a historically black college in Nashville, Tennessee.\(^{102}\) Most of the art was the property of her late husband, noted photographer Alfred Stieglitz.\(^{103}\) O’Keeffe wanted to make a social statement by donating such a large gift to an African-American institution,\(^{104}\) and therefore imposed two restrictions on her donation: (1) “the university [could] not sell the artwork” and (2) “Fisk [must] display the works as one collection in [its] gallery.”\(^{105}\) In 2005, however, the university faced financial difficulties forcing it to cut programs, reduce faculty salaries, and mortgage some of its real estate.\(^{106}\) In order to strengthen the endowment and increase funding to the math, biology, and business departments, the university proposed to sell two of the works from the collection, O’Keeffe’s *Radiator Building—Night, New York* and a Marsden Hartley painting.\(^{107}\) Knowing that the proposed sale would violate O’Keeffe’s restrictions, Fisk University filed an *ex parte* declaratory judgment before the works entered auction.\(^{108}\) The collection was valued to be worth upwards of $60 million at the

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\(^{104}\) Brill, *supra* note 102, at 71.

\(^{105}\) Ryan, *supra* note 67, at 872.

\(^{106}\) In re Fisk Univ., 392 S.W.3d 582, 588 (Tenn. Ct. App. 2011); see Ryan, *supra* note 67, at 873 (discussing how the $131,000.00 annual cost to maintain and display the collection “was not compatible with Fisk’s financial situation”).


\(^{108}\) Georgia O’Keeffe Found. (Museum), 312 S.W.3d at 7; see also Brill, *supra* note 102, at 70–71.
time.\textsuperscript{109} The Georgia O’Keeffe Foundation intervened in the suit as a representative of O’Keeffe’s estate, and the Tennessee Attorney General also interceded as a representative of the public interest.\textsuperscript{110} The O’Keeffe Foundation argued that the sale of the two works violated O’Keeffe’s original intent and, in 2007, the court agreed.\textsuperscript{111}

Faced with the closure of the Fisk University Art Gallery, Fisk entered into an agreement with the Crystal Bridges Museum of American Art in Bentonville, Arkansas, to share the collection for a $30 million dollar interest.\textsuperscript{112} The O’Keeffe Museum, which had taken over control of the estate from the O’Keeffe Foundation, challenged this sale.\textsuperscript{113} Finding itself in court again, Fisk argued that this arrangement should be permitted under the cy pres doctrine, which affords institutions some flexibility to interpret and use charitable gifts when compliance with the donor’s original intent is no longer practical.\textsuperscript{114} In July 2009, the Tennessee Court of Appeals found that, based on O’Keeffe’s correspondence with the University, her intent “was to make the collection available to the public in Nashville and the South for the benefit of those who did not have access to comparable collections to promote the general study of art.”\textsuperscript{115} The court permitted the agreement between Crystal Bridges and Fisk University to move forward and

\textsuperscript{109} Fincham, \textit{supra} note 8, at 103.

\textsuperscript{110} \textit{Georgi O’Keeffe Found. (Museum)}, 312 S.W.3d at 7; Fincham, \textit{supra} note 8, at 103. The state attorney general often is involved in litigation regarding changes to a charitable trust. \textit{Id.} at 101–03. As representative of the people of the state, the attorney general has standing to challenge decisions made by the museum trustees that are out of line with the public interest. \textit{Id.}

\textsuperscript{111} \textit{See Georgia O’Keeffe Found. (Museum)}, 312 S.W.3d at 8; see also Brill, \textit{supra} note 102, at 70–71 (discussing the case and the trial courts granting of the Museum’s motion for summary judgment in June 2007).

\textsuperscript{112} \textit{In re Fisk Univ.}, 392 S.W.3d 582, 584 (Tenn. Ct. App. 2011).

\textsuperscript{113} \textit{See Georgia O’Keeffe Found. (Museum)}, 312 S.W.3d at 8–9 (discussing how the O’Keeffe Foundation assigned its interest in the civil action to the O’Keeffe Museum).

\textsuperscript{114} \textit{In re Fisk Univ.}, 392 S.W.3d at 584–85; see Ryan, \textit{supra} note 67, at 872–73.

\textsuperscript{115} Brill, \textit{supra} note 102, at 72–73.
removed the trial court’s limitations on how the university could use the funds.\textsuperscript{116}

The agreement between Fisk University and Crystal Bridges is a creative solution that preserves an exceptional body of work and prevents the closure of not only an art museum but also a culturally important educational institution. Critics of this decision argue that it weakens museums’ relationships with their donors by inciting donors’ fears that their intents will not be realized.\textsuperscript{117} However, the agreement actually honored O’Keeffe’s intent and arguably expanded her purpose even further.\textsuperscript{118} Instead of the collection being sold to private collectors or sitting in storage for years,\textsuperscript{119} a

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\item[$\textsuperscript{116}$] In re Fisk Univ., 392 S.W.3d at 586. The trial court ordered Fisk University to use $20 million to establish an endowment that would support the management of the collection, and the remaining $10 million was available at the University’s discretion. Id. In the final deal negotiated between Fisk University and Crystal Bridges, Alice Walton pledged an additional $1 million to improve the University’s gallery and the University pledged $3.9 million towards an endowment for future maintenance of the collection. Fisk University Sells 50 Percent Stake in Stieglitz Collection to Crystal Bridges Museum, PHILANTHROPY NEWS DIG. (Aug. 7, 2012), http://philanthropynewsdigest.org/news/fisk-university-sells-50-percent-stake-in-stieglitz-collection-to-crystal-bridges-museum.
\item[$\textsuperscript{117}$] See Ryan, supra note 67, at 873–74.
\item[$\textsuperscript{118}$] O’Keeffe’s original charitable intent “was to make the Collection available to the public in Nashville and the South for the benefit of those who did not have access to comparable collections.” Georgia O’Keeffe Found. (Museum), 312 S.W.3d at 17. In its inaugural year, attendance at the Crystal Bridges Museum, in Bentonville, Arkansas, far exceeded expectations, with more than 650,000 visitors in 2012. Crystal Bridges to Welcome its One-Millionth Visitor, CRYSTAL BRIDGES MUSEUM OF AM. ART (Aug. 12, 2013), http://crystalbridges.org/press-releases/crystal-bridges-museum-of-am-art/
displaying the collection at both Fisk University and Crystal Bridges accomplishes O’Keeffe’s goal and will likely serve a much larger audience than display at either location alone.
\item[$\textsuperscript{119}$] See In re Fisk Univ., No. 05-2994-III, 2008 WL 5361639 (Tenn. Ch. Ct. March 6, 2008) (discussing whether the storage and non-display of the Collection since November 2005 constituted a breach of O’Keeffe’s original gift conditions). The high cost of maintaining the artworks for public display would have likely resulted in the closing of the university gallery. Ryan, supra note 67,
much wider audience will enjoy the works. The partnership with Crystal Bridges expands the Collection’s geographical reach while continuing O’Keeffe’s desire to support Fisk University. In many ways, the outcome was a victory for both sides.

B. The Detroit Institute of Art

In the case of the Detroit Institute of Art, the pressure to deaccession work came from an outside source—a bankruptcy filing by the city of Detroit. The Detroit Museum of Art was founded in 1885 using donations from wealthy members of Detroit society, including James E. and George H. Scripps. James Scripps, who in 1889 donated his sizable art collection to the museum, said, “[f]or several years it has been a favorite idea of mine that Detroit might be made the art center of the West, just as Cincinnati is the acknowledged musical center, and just as Florence is the art and Milan the music center of Italy.”

In 1919, as the population of Detroit boomed after the success of the automobile industry, the Museum’s directors ceded control to the municipal government of Detroit and rebranded the Museum as the Detroit Institute of Art (DIA). The astonishing industrial success of Detroit in the early 20th Century did not last, however, and the fate of the DIA has been precariously linked to local politics for the past 95 years. Despite its turbulent history, and

at 871. Even had an arrangement been made with another Nashville institution to display the Steiglitz Collection, O’Keeffe’s original intent to display the work for the benefit of the students at Fisk would have been disrupted. See Brill, supra note 102, at 73–74.

120 Given O’Keeffe’s desire to contribute to the art education of minorities in the South, this compromise is likely the closest Fisk University could come to honoring O’Keeffe’s original intent. See Brill, supra note 102, at 73.


122 Id.

123 Id.

largely without the help of the city—which ended funding for new acquisitions in 1955,\textsuperscript{125} the DIA’s collection grew to be ranked among the top six art collections in the United States.\textsuperscript{126}

In 2013, the City of Detroit filed for Chapter 9 Bankruptcy after amassing more than $18 billion in debt.\textsuperscript{127} At the time, the City’s creditors pushed the DIA to auction one of the City’s most valuable assets—the $4.6 billion art collection.\textsuperscript{128} A group of large foundations with ties to Detroit met to work out a compromise that would help retirees keep their pensions and prevent the DIA from deaccessioning its world-class collection.\textsuperscript{129} On November 7, 2014, Judge Steven Rhodes of the Federal Bankruptcy Court for the Eastern District of Michigan accepted the conditions of this “grand bargain” and the City of Detroit emerged from bankruptcy with its art collection intact.\textsuperscript{130}

In this case, the push to deaccession came from an outside source, the city’s creditors, rather than the director and trustees of the museum.\textsuperscript{131} In fact, during the period of the bankruptcy, the DIA waged a difficult battle to prevent any deaccessioning by poring over archives for evidence of donor intent that would result in protracted litigation, fighting requests to have the entire finances (discussing the extensive history of the Detroit Institute of Arts’ relationship with local political and financial turmoil).

\textsuperscript{125} Kennedy, \textit{Grand Bargain}, supra note 100.

\textsuperscript{126} \textit{A Brief History}, \textsc{Detroit Inst. Art}, http://www.dia.org/about/history.aspx (last visited Sept. 18, 2015).

\textsuperscript{127} \textit{In re} City of Detroit, Mich., 504 B.R. 97, 113, 128 (Bankr. E.D. Mich. 2013) (“The City estimates its debt to be $18,000,000,000. This consists of $11,900,000,000 in unsecured debt and $6,400,000,000 in secured debt. It has more than 100,000 creditors.”).


\textsuperscript{130} Kennedy, \textit{Grand Bargain}, supra note 100.

collection appraised by auction houses, and working with foundations and donors to raise over $800 million.132 This case provides a strong argument for why strict rules against deaccessioning are beneficial. If the foundations that made up the grand bargain had not stepped in, the city may have been forced to sell the artwork to raise money for pensions—public outcry might have demanded it.133 The existence of such strict deaccessioning guidelines prevented the museum from using its collection as capital, allowing the DIA to delay deaccessioning at least through this budget crisis.

Other institutions struggling for survival in the face of financial crisis may not receive the “grand bargain” that saved Detroit.134 As

132 Kennedy, Grand Bargain, supra note 100; see also In re City of Detroit, slip op. at 1 (denying motion to direct debtor to cooperate with a committee of creditors and appraisers to assess the art collection of the Detroit Institute of Arts).

133 Weissmann, supra note 128 (“In April 2013, the city’s governor-appointed emergency manager, Kevyn Orr, informed the DIA that it would have to contribute at least $500 million to paying off Detroit’s debts, even if meant selling off paintings at auction.”). The public at large was not entirely sympathetic to the plight of the DIA, despite the fact that the DIA operated almost entirely without the support of the city and had been doing so for years. See Kennedy, Grand Bargain, supra note 100 (discussing how the city demonstrated a lack of support when it stopped providing funds to the museum for acquisitions in 1955).

a part of this deal, the DIA will no longer be an entity of city government. Rather, it will return to the control of a private trust, cutting its ties to the financial fate of the City of Detroit. This means that the DIA must rely more heavily on private donors, many of whom have already pledged significant capital to assist the troubled institution. For its own part in the grand bargain, the DIA must contribute almost $100 million to the City of Detroit. This significant debt could potentially raise the issue of deaccessioning again if the museum fails to raise the funds. However, having fought stringently against deaccessioning, the DIA likely could not attempt to sell art to pay its debt without upsetting many constituents. These supporters not only include the foundations that saved it in the grand bargain, but also the pensioners of Detroit who took losses to protect the collection, and the larger public who was led to believe that art should never be used to pay the bills.

C. The Delaware Art Museum

The Delaware Art Museum (“DMA”) became the latest recipient of AAMD sanctions in June 2014, after it sold a Pre-Raphaelite painting by William Holman Hunt—Isabella and the Pot of Basil—for $4.25 million in order to pay a construction bond. Earlier that year, the museum “announced it would sell as many as four works to raise $30 million to repay construction debt [from its 2005 renovation] . . . and replenish the endowment.”

infra, on the struggles of the Delaware Art Museum and Part VI, infra, discussing four museums that closed after 2009.

135 Kennedy, Grand Bargain, supra note 100.
136 Id.
137 Id.
138 Id.
140 Fishman, Outlier, supra note 101.
141 Id.
Unlike Fisk University or the DIA, the DMA did not have a creative solution to avoid deaccessioning. Its decision to deaccession work in order to pay debts and regain solid financial footing “violated one of the most basic and important of AAMD’s principles” which is that “works can only be deaccessioned to provide funds to acquire . . . art and enhance a museum’s collection.”

In a June 18, 2014 statement, the AAMD admonished the DMA for not vigorously pursuing other alternatives to deaccession:

> With this sale, the museum is treating works from its collection as disposable assets, rather than irreplaceable cultural heritage that it holds in trust for people now and in the future. It is also sending a clear signal to its audiences that private support is unnecessary, since it can always sell additional items from its collection to cover its costs.

However, museum CEO Mike Miller was optimistic: “We take comfort in knowing that the museum will remain open and continue to serve our community.”

The DMA’s decision to deaccession work followed a stream of museum closures after the financial crisis of 2008. In choosing deaccessioning over closure, the museum drew the ire of the professional community, though it still receives support from local sources of funding. Following the announcement of AAMD sanctions, Delaware Division of the Arts Director Paul Weagraff said in a statement that, “what [is] most important in our funding consideration is that the organization . . . continues to

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143 Id.

144 Fishman, Outlier, supra note 101.

145 Cirigliana, supra note 71, at 368, 369 & n.34.

146 See AAMD Press Release, supra note 142.

147 Fishman, Outlier, supra note 101.
provide quality arts programming that serves Delawareans and visitors alike.”

In September 2014, the DMA announced that it had successfully retired its $19.8 million bond debt from the proceeds of the sale of the Hunt painting and an Alexander Calder sculpture titled *Black Cresent*, as well as from its investment portfolio funds. In June 2015, the museum announced that, following the sale of two additional works, Winslow Homer’s *Milking Time* and Andrew Wyeth’s *Arthur Cleveland*, it had completed its planned sale of artwork and successfully avoided closure. Despite the AAMD sanctions, the museum has maintained a busy exhibition schedule fueled largely by the museum’s own extensive collection of 12,500 works and the support of the local artistic community. The DMA has also expanded community access in the year following sanctions by adding extended hours on Thursdays and Sundays during which admission is free.

III. THE PERILS OF DEACCESSIONING

For museums like the DMA, the choice between deaccessioning to fulfill financial obligations and permanently...
closing the doors seems simple: of course “sell art!”\textsuperscript{153} However, the larger implications of this decision reveal the reasons why many museums choose to uphold the AAMD guidelines rather than follow the path of the DMA, even if avoiding deaccessioning results in the museum’s closure.\textsuperscript{154}

\textit{A. Capitalization of Museum Collections}

In 1993, the Federal Accounting Standards Board (“FASB”) issued regulations that allowed museums to avoid capitalizing their collections for the purpose of financial reporting: “[c]ontributions of works of art, historical treasures, and similar assets need not be recognized as revenues and capitalized if the donated items are added to collections held for public exhibition, education, or research in furtherance of public service rather than financial gain.”\textsuperscript{155} Forcing a museum to monetize the collection and record its value would cause several problems.\textsuperscript{156} For example, some museums may not be able to reliably calculate valuations of their works.\textsuperscript{157} Even if museums can make an accurate accounting of a work’s extrinsic value at a given time, values may change due to forces like changes in taste and trends.\textsuperscript{158} Further, the intrinsic value of a work to a museum, such as its educational value or source of regional pride, is difficult to measure but also very important.\textsuperscript{159}

Monetizing a collection advances the idea that the collection is comprised of fungible assets whose sale will support a museum’s


\textsuperscript{154} See infra, Part IV.

\textsuperscript{155} \textit{Summary of Statement No. 116}, \textsc{Fin. Acct. Standards Board}, http://www.fasb.org/summary/stsum116.shtml (last visited Sept. 18, 2015); see also AAMD \textsc{Policy on Deaccessioning}, supra note 17, at 3 (“Member museums should not capitalize or collateralize collections or recognize as revenue the value of donated works.”).

\textsuperscript{156} See Urice, supra note 50, at 213.

\textsuperscript{157} \textit{Id.}

\textsuperscript{158} \textit{Id.; see also} Weintraub, \textit{supra} note 25, at 7.

\textsuperscript{159} See Weintraub, \textit{supra} note 25, at 1 (discussing the educational and scholarly functions of a work as important toward gratifying the interested members of the public).
operation. For struggling museums, monetizing the collection would likely distort the financial well-being of the institution, giving an illusion of wealth when none exists. It could also hurt fundraising efforts by distorting the true needs of the museum. For these reasons, museums should not be required to capitalize their collections. However, every time a museum uses its art as capital, it tests the exceptions regarding the valuation of collections that the FASB has carved for the museum industry by weakening the premise that the art is different than other forms of income. It is quite possible that the FASB regulations protected the DIA from having to capitalize its collection in the face of creditor demands. If the FASB were to change the rules, museums facing creditors or even bankruptcy in the future might not be able to protect their collections in the same manner as the DIA.

B. Restricted Gifts and Donor Trust

Another consequence of deaccessioning is the erosion of trust from donors who fund and contribute to a museum’s collection. This issue arose in the Fisk University case, and it has regularly surfaced in controversial decisions to deaccession work. Donations that have legally binding conditions for their use are called “restricted gifts.” Generally, once a museum has accepted a gift with a legal restriction, it cannot waive the restriction without the donor’s consent. After the death of the donor, museums can

160 Urice, supra note 50, at 213.
161 Id.
162 See id.
163 See id.
165 See supra Part I (discussing the Metropolitan Museum of Art’s controversial decision to deaccession a collection donated by Adelaide De Groot); see supra Part II (explaining how Fisk University’s decision to sell two works donated by Georgia O’Keeffe resulted in a protracted legal battle between the university and trustees of the O’Keeffe estate).
167 Id. at 365.
apply to the courts for relief from the restriction using either the cy pres doctrine or equitable deviation.\textsuperscript{168} Both of these actions allow the museum to modify the gift as long as the modifications conform to the donor’s intentions.\textsuperscript{169}

In the Fisk University case, the application of the cy pres doctrine allowed the university to modify a restricted gift by dividing the rights to the O’Keeffe collection with another museum.\textsuperscript{170} This allowed Fisk University to remove the collection from storage\textsuperscript{171} while raising funds to establish an endowment to protect the collection’s future.\textsuperscript{172} Despite violating the original wishes of the donor, this decision will likely bring long-term benefits to the collection by making the works available to a new generation.\textsuperscript{173} However, museums take a great risk when they dispose of work against the original intent of the donor. It communicates to other donors that the museum does not value donor wishes and that, when faced with a difficult choice, the museum may no longer protect donated work.\textsuperscript{174} Even if a restriction does not have the binding effect of law, the museum may lose in the court of public opinion since backlash against a museum can be just as detrimental as legal sanctions, as was the case in the Met’s de Groot controversy.\textsuperscript{175}

One possible solution is to limit gifts that have restrictions or require a museum to hold a work in perpetuity. Some museums, such as the Museum of Modern Art, already refuse to accept

\textsuperscript{168} Id.  
\textsuperscript{169} Id.  
\textsuperscript{171} See Brill, supra note 102, at 71–73, 85; see also supra Part II.A (discussing the intent of donor Georgia O’Keeffe).  
\textsuperscript{172} Fisk University Sells 50 Percent Stake, supra note 116.  
\textsuperscript{173} Had this agreement not been reached, Fisk University may have closed the art gallery and the works in the O’Keeffe collection might have remained in storage. See Ryan, supra note 67, at 873 (stating that continued maintenance of the collection was impracticable); see also Brill, supra note 102, at 85 (“In the case of Fisk, the paintings at issue are currently in storage.”). Moreover, the agreement brings the collection to new audiences who patronize the Crystal Bridges Museum. See Crystal Bridges to Welcome its One-Millionth Visitor, supra note 118.  
\textsuperscript{174} McBrayer, supra note 23, at 344–45.  
\textsuperscript{175} Id.
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restricted gifts. However, smaller museums may not have the luxury of being so selective with their donors. In these situations, the donor and the museum are best served through clear communication that resolves conflicts in advance and articulates the shared goals of serving the public interest. Unfortunately, many museums do not have well-articulated policies for dealing with accessions of restricted gifts. Solid accessioning policies can help avoid subsequent challenges to deaccessioning.

IV. THE TENUOUS LIFE OF AN AMERICAN MUSEUM

While AAMD deaccessioning sanctions can be severe, they may be preferable to museum closure. The following section will look at the fate of four museums that have closed since 2009 to determine the practical consequences of upholding the AAM and AAMD codes of ethics.

A. The Gulf Coast Museum of Art

In 2009, the Gulf Coast Museum of Art in Largo, Florida closed its doors after 73 years of service to Pinellas County. The museum, located in county-owned Pinewood Cultural Park, hoped for a bailout that the county could not afford. The Museum eventually decided to give its collection, which focused on contemporary art and fine crafts by Florida artists, to St. Petersburg...

177 Malaro, supra note 166, at 357.
178 Id. passim.
181 Id.
College ("SPC"). Despite this closure, the College continues to store and exhibit the work at other campus locations across the County, including the Leepa-Rattner Museum of Art in Tarpon Springs. Carl Kuttler, president of SPC, told the Tampa Bay Times, “[i]n any case, it will be exhibited and cared for. We never take a project on that we can’t complete.”

In the short term, the closing of the Gulf Coast Museum of Art has had relatively small impact on the community’s access to the art in the collection. A local institution was able to absorb the collection in its entirety and ensure its maintenance and exhibition. This is one of the best outcomes for a community that experiences the loss of a museum—it loses the building, not the art.

B. The Bead Museum

The Bead Museum in Glendale, Arizona, with a collection of over 100,000 beads from all over the world, closed its doors in 2011. The museum had no endowment fund and was operating at a $7,000 deficit each month. The Bead Museum donated its entire collection, including its extensive library, to the Mingei

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184 Id.

185 Bennett, St Petersburg College to Acquire, supra note 182.

186 Id.


188 Id.
International Museum in San Diego, California, enabling it to keep the collection intact.\footnote{Closing of an Arizona Jewel, ARIZ. COMMISSION ON THE ARTS (Mar. 11, 2011), http://azarts.gov/news/closure-of-an-arizona-jewel-5/} Bead Museum Executive Director Kelly Norton announced the transfer of the collection, and said, “[l]ike the Bead Museum, Mingei International showcases useful, handmade objects of timeless beauty that are satisfying to the human spirit. Our missions are symbiotic, and we are now confident that the Bead Museum collection will live on.”\footnote{Id.}

Niche museums like the Bead Museum often struggle to attract a wide enough audience.\footnote{Chan, supra note 187.} The museum built itself around a single collection that had steadily grown for 25 years despite having no endowment to ensure its protection and maintenance.\footnote{Id.} Finding an institution willing to accept the collection intact was a best-case-scenario for such a collection. Sadly, the receiving institution is approximately a five and one-half hour drive from Glendale,\footnote{Driving Directions from Glendale, AZ to San Diego, CA, GOOGLE MAPS, http://maps.google.com (follow “Directions” hyperlink; then search starting point field for “Glendale, AZ” and search destination field for “San Diego, CA”).} so the local community lost a resource. However, due to Glendale’s proximity to Phoenix, its residents have other cultural resources at their disposal.\footnote{Other cultural institutions in the area include the Phoenix Museum of Art, which showcases the art and history of the Southwest, and the Desert Botanical Garden, which regularly incorporates art into its exhibits. See generally Arts & Culture in Phoenix, VISIT PHOENIX, http://www.visitphoenix.com/things-to-do/arts-and-culture/index.aspx (last visited Sept. 18, 2015) (discussing the museums, art galleries, and theaters in the Greater Phoenix area).}

C. Claremont Museum of Art

The Claremont Museum of Art closed its doors in 2009 after only three years of existence.\footnote{David Ng, Claremont Museum of Art to Close Doors on Dec. 27, L.A. TIMES: CULTURE MONSTER (Dec. 22, 2009, 3:46 PM),} Unlike the other museums
discussed in this section, the Claremont did not cease to exist, but rather shuttered its physical space and placed its collection of about 100 works in storage.\textsuperscript{196} In recognizing the opportunity to “fill an important role in providing art education to Claremont youth,” the Museum continues to operate educational programs in the Claremont schools.\textsuperscript{197} In addition, the Museum curates “pop-up” exhibits throughout the community—a model the museum’s director refers to as a “museum without walls.”\textsuperscript{198} This Museum, without its physical location, is finding new ways to conduct audience outreach and is expanding art offerings in the area.\textsuperscript{199} Instead of selling work or donating it to a larger institution, the Claremont Museum of Art reinvented itself. This creative solution avoids the deaccessioning controversy without resulting in the closure of the museum. The Claremont Museum survived because it did not attach sentimental value to its location, nor did it maintain any large debts.\textsuperscript{200} For museums whose debts are


\textsuperscript{198} See \textit{About}, \textit{Claremont Museum Art}, http://claremontmuseum.org/about/ (last visited Sept. 18, 2015); Ng, \textit{supra} note 195.

\textsuperscript{199} In addition to running several education programs in local schools, the Museum currently co-hosts regular exhibits with other arts organizations including the Rancho Santa Ana Botanic Garden, the Padua Hills Art Fiesta, the American Museum of Ceramic Art, and local artists’ studios. See \textit{Events}, \textit{Claremont Museum Art}, http://claremontmuseum.org/events/ (last visited Sept. 18, 2015).

\textsuperscript{200} See Ng, supra note 195. When the Claremont museum closed in 2009, it had about $70,000 in debt and had raised about $28,500 earmarked for debt payment. \textit{Id}. This amount is low compared to the almost $20 million debt of the DMA. See \textit{Press Release}, supra note 149.
connected to construction projects, however, abandoning the building may not be an option.\textsuperscript{201}

\textit{D. Fresno Metropolitan Museum of Art}

The Fresno Metropolitan Museum of Art and Science (the “Fresno Met”) closure and deaccession is the most disturbing outcome in this study of recent museum closings. When the Fresno Met closed in January of 2010 it had over $4 million in debt and was operating at a loss of almost $100,000 per month.\textsuperscript{202} In an effort to close with “dignity and grace,” the museum assigned assets to a local lawyer and art collector who helped to prepare the collection for auction.\textsuperscript{203} The auctions raised over $2 million, and, with the exception of the City of Fresno, the museum was able to pay off its creditors.\textsuperscript{204} The liquidation of the collection resulted in a single lawsuit: Ansel Adams’ son sued to prevent the sale of his father’s prints.\textsuperscript{205} The Adams family eventually settled with the museum, agreeing to exchange the photos in the Fresno Met’s collection with others of similar value.\textsuperscript{206}

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\textsuperscript{201} See supra Part II.C (discussing the Delaware Art Museum). But see Timothy Rub, \textit{A Dereliction of Duty}, \textit{WALL ST. J.} (June 11, 2014, 5:11 P.M.), http://www.wsj.com/articles/art-for-sale-a-dereliction-of-duty-1402521067 (discussing how the American Folk Art Museum, which sold its notable building to MoMA to pay construction bonds, was able to continue to operate out of a smaller location and keep its collection intact).
\textsuperscript{203} Id.
\textsuperscript{204} See Donald Munro, \textit{The Debacle Winds Down}, \textsc{fresnobeehive.com} (Jan. 7, 2011), http://fresnobeehive.com/?s=the+debacle+winds+down (last visited Sept 18, 2015); see also, Pogrebin, \textit{The Death of a Museum, supra} note 202 (“Sotheby’s handled the sale of the most valuable art works, which brought about $2 million; other auction houses sold the rest. The unsecured creditors received 80 cents on the dollar.”).
\textsuperscript{206} Pogrebin, \textit{Death of a Museum, supra} note 202.
\end{flushleft}
Although some of the Fresno Met’s exhibits did make their way to other museums, much of the collection fell into private hands. The City of Fresno backed a $15 million dollar loan to help renovate the Fresno Met and ended up the owner of an empty building. Fresno, which regularly ranks near the bottom in livability surveys of American cities, also lost an important cultural institution. Additionally, the Fresno Art Museum, the sole remaining art museum in the region, suffered when the Fresno Met shut its doors. Donations dropped sharply and the operating budget fell from $1.2 million per year in 2009 to $750,000 in 2015.

These four studies demonstrate that art museums are incredibly diverse and serve a wide variety of interests. Sometimes, financial crises can provide museums with opportunities to become innovators, finding new and creative methods to serve their

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210 See id.; Munro, supra note 204; Pogrebin, *The Death of a Museum*, supra note 202; see also *Entertainment and Events*, CITY OF FRESNO, http://www.fresno.gov/DiscoverFresno/EntertainmentandEvents/default.htm (last visited Sept. 18, 2015) (demonstrating a lack of similar cultural institutions in Fresno).


Museums should not overlook the importance of creative problem solving when considering whether to deaccession work; deaccessioning should not become an easy solution to financial difficulties. However, if deaccessioning is the best way to save a museum, the museum industry should provide a pathway to make that decision less controversial and more beneficial to the industry as a whole. Providing more flexible guidance to struggling museums and encouraging deaccessioned work to remain in the public trust could also help the larger community when a museum closes. The best scenario allows the main core of a museum’s collection to remain in the public trust of the city/region, as was the case for the Gulf Coast Museum of Art. By providing a framework that helps museums deaccession work locally or regionally, the AAMD and AAM could facilitate agreements between regional institutions when one museum is forced to close and essentially deaccession all of its work. If there had been a way to keep more of the Fresno Met’s collection in the Central Valley region of California, it may have decreased public hostility regarding the closure and preserved cultural resources for the public.

V. RETHINKING DEACCESSIONING IN THE AFTERMATH OF THE GREAT RECESSION

Good governance is the best way to ensure a museum fulfills its public duties and the following section examines ways that museums can better manage acquisitions so that deaccessioning, when it does occur, is less controversial. Changes in the tax code and direct funding can also allow the federal government to actively support museums in financial trouble. However, if governance fails and financial crisis follows, there needs to be a mechanism to assist museums that are on the brink of closure in order to preserve the work for the good of the public. Looking at museums not as silos of ownership over their individual collections but rather as part of a community-wide collection of public work

214 See, e.g., supra Part IV (discussing the Claremont Museum of Art’s rebirth after closing its doors in 2009); Ng, supra note 195 (“We want to remain alive as kind of a virtual museum, or if you like, a museum without walls.”).
could prevent closures and ensure that deaccessioned work remains in the public trust.

A. Adopting Clear Accessioning Policies

An important aspect of deaccessioning is the adoption of strong accessioning policies. Accessioning is the formal process by which art enters into the museum’s collection. There are two parts to accessioning: (1) receiving objects and (2) cataloguing objects. Museums often struggle handling restricted gifts. While large institutions can use their prestige as leverage against restrictions on gifts or reject donations that are too restrictive, smaller institutions may struggle to attract donors if they impose strict limitations on donations.

One method by which the tax system could help smaller institutions overcome this inconsistency would be to impose rules that reduce deductions for gifts with restrictions. Currently, donors can deduct the fair market value of the gift at the time of the donation. However, a work with numerous restrictions may not be worth the fair market value to the museum if it includes costly storage or continuous display. If the fair market valuation was decreased when limitations are imposed on a gift, it could

215 See McBrayer, supra note 23.
216 Stephens, supra note 36, at 125.
217 Id.
218 See supra Part II (discussing the problems that Fisk University faced when it attempted to sell donated work). For further examples of controversies involving restricted gifts, see Heinrich Schweizer, Settlor’s Intent vs. Trustee’s Will: The Barnes Foundation Case, 29 COLUM. J. L. & ARTS 63 (2005) (discussing the litigation related to the relocation of the Barnes Collection in Philadelphia); Andrew W. Eklund, Every Rose Has Its Thorn: A New Approach to Deaccessioning, 6 HASTINGS BUS. L. J. 467 (2010) (discussing the many challenges to Brandeis University’s proposal to close its Rose Gallery of Art and sell the collection).
219 Cromer, supra note 23, at 802–03 (suggesting that some museum trustees may be compelled to accept a donor’s restrictions if a gift is particularly attractive, despite its potential burdens on the institution).
220 Id. at 781.
221 Id.
222 Id. at 780–81.
encourage donors to reevaluate their restrictions.\textsuperscript{223} At the very least, it would encourage the museum and the donor to have a clear conversation about both the donor’s intent and the collection management policy of museum.\textsuperscript{224}

Accession policies also impact deaccessioning policy because museums spend tremendous amounts of their budget on the preservation, storage, and conservation of their collections.\textsuperscript{225} These costs often diminish endowment funds, strain relationships with donors, and lead to situations, like the one at Fisk University, where the museum is no longer able to keep the work on display or provide high-quality storage.\textsuperscript{226}

\textit{B. Changing the Tax Code to Promote Museum Donations}

One obvious policy solution to help financially unstable museums is to increase public funding so that they would not be forced to make difficult choices regarding deaccessioning.\textsuperscript{227} The National Endowment for the Arts (“NEA”) helped fund over 3,000 visual arts exhibits and handed out over $145 million in grant funding in 2014, a $7.6 million increase from 2013.\textsuperscript{228} However, most grants are competitive\textsuperscript{229} and, according to data collected by the AAM, only a small percentage of museums receive any federal

\begin{footnotesize}
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  \item \textsuperscript{223} \textit{Id.} at 781.
  \item \textsuperscript{224} \textit{Id.} at 804.
  \item \textsuperscript{225} Cirigliana, \textit{ supra} note 71, at 386 (“Collections in storage require storage space, storage material, security, staff, and documentation . . . . Some objects require conservation and all objects require preservation. Museums spend about 60 percent of their budget on stored collections.”).
  \item \textsuperscript{226} See Ryan, \textit{ supra} note 67, at 873.
  \item \textsuperscript{227} Securing public funding presents its own difficulties, as evidenced by the Gulf Coast Museum of Art for which public funding never materialized. \textit{See supra} Part IV. Museums attempting to secure public funds may face opposition from legislators, who encourage the museum to sell work rather than provide additional public funding. \textit{See, e.g.}, Pogrebin, \textit{Museums and Lawmakers}, \textit{ supra} note 96 (explaining that when directors of the Suffolk County Vanderbilt Museum asked the county for money, the legislature’s response was “[s]ell the mummy . . . [i]t’s not like you’re going to go to jail”).
  \item \textsuperscript{228} \textbf{NATIONAL ENDOWMENT FOR THE ARTS, 2014 ANNUAL REPORT} (2014), \url{http://arts.gov/about/annual-reports}.
  \item \textsuperscript{229} See \textit{id}.
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government funding at all. Relying on federal funding is not a realistic option for any museum, especially those facing financial stress.

Congress could also use the Tax Code to indirectly support museums by repealing the portion of the 2006 Pension Protection Act ("PPA") that effectively ended fractional giving. Critics of fractional giving who helped pass the 2006 PPA argued that it produced an unfair tax break for wealthy taxpayers and was plagued with abuses. However, fractional giving helped museums attract donors and build relationships with wealthy art collectors. It also encouraged donations to museums in a way that allowed the museum to prepare for more difficult pieces over a period of years. Since these laws have changed, many museums have seen a sharp decline in donated work. Reopening the fractional giving tax break would provide an indirect subsidy to

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232 See Kahn, *Museums Fear Tax Law Changes*, supra note 231 ("It isn’t right for a donor to get a big tax break for supposedly donating a painting that hangs in his living room, not the museum, all year. A painting in a private living room doesn’t benefit the public.").

233 *Id.* ("About 80 percent of new acquisitions at American museums now come through donations."); Beyer, *supra* note 231, at 459.

234 Kahn, *Museums Fear Tax Law Changes*, supra note 231.

235 Conley, *supra* note 231, at 95.

museums and may be a more politically feasible source of public funding than direct federal grants.237

C. Deaccessioning for a Dynamic Future

The question of whether museums should ever deaccession work is no longer a controversial topic among American museum administrators. There is widespread agreement that deaccessioning should be allowed as a reliable tool in a sound collections management policy.238 Today, the real controversy revolves around how to spend the funds generated through deaccessioning.239 Limiting deaccessioning funds to the purchase of more art does not always serve the best needs of the institution or the public. Allowing deaccessioning funds to be used for broader purposes in limited situations could strengthen the museum community by introducing work to new audiences, bolstering the financial security of regional museums, and strengthening protections on work that is already in the collection.240 This is not a proposal for the complete abandonment of rules guiding museums’ deaccessioning practices. The Detroit bankruptcy case shows that strict guidelines can serve as a protection for keeping art separate from other museum assets, which, in turn, protects the work from potential creditors.241

237 In the past nine years, several efforts were made to amend the tax code and restore the benefits of fractional giving. See Beyer, supra note 231, at 471–77. These efforts include the Promotion of Artistic Giving Act of 2007, sponsored by Tom Udall of New Mexico, Senate Bill 1605 (2009), sponsored by Charles Schumer of New York, and Senate Bill 931 (2011), also sponsored by Schumer. See id. Despite lobbying campaigns by various high-profile museums and the AAMD, all efforts failed to pass. Id.

238 See AAM Code of Ethics, supra note 17; see also AAMD POLICY ON DEACCESSIONING, supra note 17.

239 See Knight, supra note 18.

240 This was largely the result of the Fisk University partnership with Crystal Bridges. See discussion supra Part III. See also Pogrebin, A Chastised Museum, supra note 11 (discussing how the National Academy Museum was able to rebound and reopen with a newly renovated complex, despite its sanctions).

241 See supra Part II.B (discussing the DIA’s successful avoidance of deaccessioning during the Detroit bankruptcy filing).
Rather, the following section examines policies that would encourage the work to stay in the public trust while simultaneously forcing struggling institutions to secure better financing and institute stronger governance, thus mitigating many of the potential risks associated with broader deaccessioning policies.

1. The “Kimmelman” and “Ellis” Rules

Michael Kimmelman of the New York Times proposed a rule following the deaccession of Asher B. Durand’s Kindred Spirits by the New York Public Library in 2005.\textsuperscript{242} Alice Walton, an art enthusiast and Wal-Mart heiress, purchased Kindred Spirits, an important regional work, and moved it from the northeast to Arkansas.\textsuperscript{243} Kimmelman proposed that the museum community establish a system by which local museums would have the first opportunity to purchase deaccessioned work.\textsuperscript{244} According to Kimmelman, “whenever art is sold by a public institution—which, receiving tax breaks, can be expected to make some sacrifice toward the public good—local museums should be given a reasonable period of time to match the sale price.”\textsuperscript{245}

Adrian Ellis, founder of AEA Consulting, offered an expanded version of this rule. His consequentialist perspective focuses on the need to provide public access to art:

[Y]ou can deaccession and spend the money on whatever you want—a new roof, working capital, education programs, or even a boffo night out with your chums on the board—provided that you ensure that the institution or individual to whom you sell commits in some binding form to equal or higher

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\item \textsuperscript{243} Michael Kimmelman, \textit{A City’s Heart Misses A Beat}, N.Y. TIMES (May 16, 2005), http://www.nytimes.com/2005/05/16/arts/design/16kimm.html.
\item \textsuperscript{244} See id.
\item \textsuperscript{245} Zaretsky, \textit{The Morning After}, supra note 242.
\end{itemize}
conservational standards and equal or higher public access.\textsuperscript{246} Ellis believes that all art owners, whether a nonprofit museum, a private collector, or a corporation, have the responsibility to conserve art works and ensure the widest possible public access.\textsuperscript{247} If the selling institution could use the funds from these sales for any purpose, as long as the art sold remains accessible to the public, then the goal of keeping the work in the public trust would be accomplished and the struggling museum would have funds that it could apply to its most pressing needs.

While expanding the use of deaccessioning proceeds to operating costs opens institutions to significant risk, these dangers could be minimized through clear policies that limit the availability of this option. One major concern about using the work from the collection to fund operations and repay debt is that it turns the collection into a fungible asset that can be too easily accessed as the need arises.\textsuperscript{248} Critics contend that allowing this practice will leave museums without art.\textsuperscript{249} Furthermore, if selling artwork is an option, museum management may lack incentive to conduct fundraising.\textsuperscript{250} However, these concerns could be alleviated by requiring museums who want to use funds from deaccessioning for wider purposes to open their books to an oversight committee, preferably under theegis of the AAMD or AAM as these


\textsuperscript{247} Id.

\textsuperscript{248} See Pogrebin, Sanctions Are Ending, supra note 7.

\textsuperscript{249} See McBrayer, supra note 23, at 348; see also Donn Zaretsky, “We’re a History Museum, Not an Art Museum. It’s a Picture of a Fish,” ART L. BLOG (Dec. 6, 2010, 11:33 PM), http://theartlawblog.blogspot.com/2010/12/were-history-museum-not-art-museum-its.html (“[I]t ‘rapidly’ becomes a slippery slope: ‘if we go down this road, we end up paying our gas, electric and water bills – classic operations costs – with deaccessioning proceeds.’”).

\textsuperscript{250} See Rushton, supra note 82 (“[P]rohibition on sales of art acts as a useful constraint on management. It lets the director know that should she fail to prudently manage the organization’s finance, she cannot rely on the museum’s collection as a safety net.”).
organizations have the best resources and institutional knowledge to provide support. This kind of oversight committee could be charged with not only helping financially struggling museums become more stable, but also with working to keep art in the public trust when deaccessioning does occur.

2. Moving Towards Community-wide Collections Management

The solutions posed by Kimmelman and Ellis require a broader view of the “public trust” than current museum practice allows.\(^{251}\) Without donor restrictions, the transfer of a work from one museum to another should be able to satisfy the ethical standards, even if the funds are used for purposes other than collections management. Much like current loan practices between museums, the proceeds from which are largely unrestricted, selling work within the museum community could be part of a community-wide collections management plan.\(^{252}\) Such a plan would view all of the work in a larger community as part of one public collection, rather than treating the work as the “asset” of any individual museum.\(^{253}\)

\(^{251}\) See Zaretsky, *The Morning After*, supra note 242 (discussing Kimmelman’s proposal regarding the sale of art by a public institution); Zaretsky, *Current Strictures*, supra note 246 (discussing Ellis’ alteration to the rule, which allows funds from deaccession to be used on whatever you want, provided that you ensure that the purchaser commits to conservational standards and public access).

\(^{252}\) While the market for artwork deaccessioned in this manner may eventually need to include some private collectors and corporations to remain solvent, this type of solution could likely be limited to museums in the beginning. Allowing for a community collections practice would permit wealthier museums to take advantage of a relatively closed market to the benefit of the smaller museums that need the quick injection of revenue. See Zaretsky, *Current Strictures*, supra note 246 (“It may be that such a circumscribed market would in effect be so illiquid as to be of little help. But I suspect this is not the case—that there are still enough cash rich institutions (or boards) around to make it reasonably liquid.”).

\(^{253}\) Derek Fincham proposes a solution in which the art held in museums is treated similarly to natural resources and waterways under the public trust doctrine. Fincham, *supra* note 8, at 27. According to this doctrine, once a work enters the “public trust” it could not be sold to a private buyer. *Id.* In order to be removed from the public trust, the sale would undergo scrutiny similar to that of
This does not mean individual museums would lose control over their work, or no longer have the responsibility of protecting and exhibiting the work in their collection. Rather, when it comes to deaccessioning work from one museum, other institutions in the community would have a stake in how that transaction occurs, including the option to purchase the work before it goes to auction.254

One challenge to a community-wide collections management plan would be defining the community.255 Kimmelman suggested that priority should be given to local museums.256 This, perhaps, overlooks the need for public access to artwork in areas of the country less culturally wealthy than New York. Derek Fincham has suggested a public trust model that would require an understanding of the work’s historical, aesthetic and educational importance before allowing the work’s sale.257 Museums could also ask these questions before transferring work to museums in other regions. Under a community-based collections management approach, the Delaware Art Museum’s Isabella and the Pot of Basil, which Christie’s sold to a private collector in London,258 may have at least remained in an American museum and perhaps even one on the East Coast.

Given the dangers of relaxing limitations on deaccessioning,259 an added layer of oversight would ensure that museums that need to deaccession work to raise capital are doing so responsibly and as a last resort. This oversight could take the form of many of the

the United Kingdom’s export conditions, which examines the cultural and regional significance of a work for sale. Id. at 33–35. Fincham suggests that this type of regulation should come from state or federal legislation, or from the courts. Id. at 33. This Note argues that the museum industry would be better served by immediate reforms enacted by the private organizations that currently regulate the museum practices.

255 See Fincham, supra note 8, at 126–27 (“Experts may disagree about whether the work belonged in New York, but at the very least a panel of experts should be given the opportunity to take up the question . . . .”).
257 Fincham, supra note 8, at 125.
258 Fishman, Outlier, supra note 101.
requirements that museums must show after AAMD and AAM sanctions and/or loss of accreditation, such as providing evidence of financial solubility and a commitment to avoiding using artwork as income in the future. Struggling museums could then be acting with the support of their professional organizations rather than their condemnation. Expanding deaccessioning with the help, rather than hindrance, of the AAMD and AAM may provide a more pragmatic solution to the problems that many museums are currently facing. For example, if the members of the Academy who voted to sell member work to strengthen the financial future of their organization could have done so with the help of the AAMD, rather than sanctions, those valuable works might still be available to the public. Furthermore, in a scenario like the Fresno Met, where closure seemed the only option, the facilitation of the deaccessioning of the entire collection by a committee of trusted members of the museum community could have helped to ensure that more of the work remained in the region.

CONCLUSION

Deaccessioning is a complex problem that raises questions of ownership, museum governance, and public trust. The current system does not allow enough flexibility to address the variety of needs that museums face when dealing with financial crisis and uncertainty. It is clear that deaccessioning is not always a realistic solution to the financial problems that plague museums; sometimes, closing the physical doors can in fact create a fresh opportunity to reach target audiences. But when selling the art is the obvious answer, finding ways to mitigate the harms while saving the museum is clearly the best policy for protecting the public trust. If these answers could be facilitated by the professional organizations that currently regulate the museum community, rather than through legislation or court opinions, it would strengthen the American museum industry and continue the long tradition of self-regulation that makes American museums so unique.

Moving towards a community-based collections model, in which collections from many museums are viewed as one larger public entity, could open new opportunities for communication and
partnership between institutions. These partnerships, assisted by the AAMD and the AAM, could ensure that when a museum deaccessions work that the work remains accessible to the public. Supporting a community-wide approach would also allow more interaction between museums and professional organizations, potentially allowing for earlier intervention when an institution faces financial difficulties, before there is a possibility of closure. This, along with greater oversight of museum governance and some changes to the federal tax code, could ensure that more museums stay healthy and more people have access to great cultural resources. Because museums cannot serve and educate the public if they are closed, preventing closure should be a priority of the professional organizations that regulate them.