

Best and Worst Practices in Deaccessioning

A One-Day Seminar in Legal, Ethical and Professional Guidelines for Collections Stewardship  
Tuesday, March 13, 2007

1 pm – 2:45 pm **Session Two: Professional Standards** (Beamesderfer, Hart, Sly)

## **An Overview of Field Wide Guidelines on Deaccessioning**

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How does an organization that serves all kinds of museums come up with standards for deaccessioning that are applicable and useful for everyone? And how do they co-exist with those issued by discipline-specific organizations? I will discuss the challenges faced by the American Association of Museums in promulgating and applying deaccessioning standards for a very diverse field. And, I will cover key differences among the various codes and guidelines issued by AAM and other umbrella organizations, including the use of deaccessioning proceeds.

### I. Challenges of umbrella organizations

There are two groups of so-called “umbrella organizations” :

- ones like the American Association of Museums (AAM) and the International Council of Museums (ICOM), that serve and represent all kinds of museums, and
- discipline specific organizations like those that serve and represent art museums, state and local history museums and historical sites, zoos and aquariums, public gardens, science centers, children’s museums, and so on.

For umbrella organizations that serve all kinds of museums there is a challenge to promulgating deaccessioning standards, or *any* kind of standard or guideline for that matter. You have to have something that can be applied to / used by many types/sizes of museums with varied collections, collecting histories, and collecting plans/priorities.

Whenever there is a task force trying to revise or create a new policy, standards document, best practice, etc., representatives of each kind of museum size/type. naturally wants to have their interests represented. The resulting document needs to be broad, but meaningful and detailed enough to be useful guidance; and flexible, not overly prescriptive. And hopefully, the resulting document complements those issued by discipline specific organizations—which have a much more targeted audience and thus are often much more specific and go into greater procedural detail and implementation.

One other thing to throw into the mix when looking at who is issuing what, is the applicability and enforceability of the standards. Some organizations, like AAM, have open membership, others, like the Association of Art Museum Directors don’t; some require members to adopt certain standards as part of membership, others don’t.

If you look at all the various groups' standards and ethics guidelines together, including the deaccessioning particulars, you will see a lot of similarities in philosophy and rationale. All agree that deaccessioning is an appropriate mechanism to help a museum continue to fulfill its mission and manage its collections, but must be done within carefully, thoughtfully, legal, and very clear parameters and policies. However no two are exactly alike. For example, some codes stress certain types of disposal methods over others, some take a stronger line on use of funds from deaccessioning. There is also variation when it comes to the level of implementation and procedural detail.

Our role as museum professional organizations is to provide resources and guidance to help museums make good, informed decisions and choices in the context of their own unique set of circumstances.

I will take some time to cover the deaccessioning guidelines put forth by several of the major "pan-organizational" museum associations and some discipline-specific one—exactly where they are found and who they apply to. Then I will talk about some of the key differences—focusing on the use of deaccessioning proceeds and the issue of capitalization of collections vis-à-vis use of these funds .

I can't cover them all in the time allowed today so I will focus mostly on history and art related groups. The handout that goes with my talk [appended] lists all the various codes and resources I will mention, and how you can get a copy.

## II. Where to find deaccessioning guidelines promulgated by umbrella organizations (and who they apply to, and when and why and how)

### **A. AAM**

- You will find deaccessioning statements in AAM's *Code of Ethics for Museums*, in the section on collections.
- AAM museum members are encouraged, but not required to adopt these guidelines (this was a point of great controversy when the code first came out in the early 1990's—the first version required adherence by all members). Now museums are encouraged to adopt their own code of ethics, framing it around the AAM code and applying their own unique institutional setting.
- AAM has also designated its Accreditation Program's standards as "AAM standards" (because they are viewed as reflecting good museum practice). The Accreditation standards (*Characteristics of and Accreditable Museum* and the *Accreditation Commission's Expectations*) are applicable to all museums, but only enforceable for accredited museums.
- If a museum violates AAM's *Code of Ethics for Museums*, there are no sanctions (e.g., membership is not revoked) because membership is voluntary. However, if a museum is accredited by AAM there is an element of enforceability—a museum can lose its accreditation. There can be repercussions for violating accreditation standards in ways such as: unethical method used to deaccession, improper use of funds, and violation of a museum's own policies.

**B. ICOM**

- A whole section (starting at 2.12) of the ICOM *Code of Ethics for Museums* addresses “removing collections” and the code says that “Membership in ICOM and the payment of the annual subscription to ICOM are an affirmation of the [code].”

*Now for some of the main discipline specific organizations.*

**C. AASLH—the American Association for State and Local History**

- Addresses deaccessioning in its *Statement of Professional Ethics and Standards* (2002), in the section on Historical Resources
- AASLH membership is open to any organization or individual.
- This association says it “expects its members to abide by the ethical and performance standards adopted by all appropriate discipline-based and professional organizations. The...ethical statements and related professional standards are provided for the guidance of all members of the Association.”

**D. AAMD—the Association of Art Museum Directors**

- Addresses deaccessioning in its *Professional Practices in Art Museums* (2001).
- This association is different than the ones just described in that it has a limited membership—currently at 184 active members out of a ceiling of 200 active members.
- The document states that the principles are applicable and fundamental to all art museums; but they are only enforceable for AAMD members; violation can result in a member being sanctioned—from reprimand to expulsion.
- AAMD’s *Professional Practices* also includes a separate appendix (B) on deaccessioning that goes into detail about criteria, authority and process, selection of methods of disposal, interests of donors and living artists, and unique circumstances that may come up related to contemporary art.

**E. Other:**

Also in the art realm is the **College Art Association’s** *Resolution Concerning the Sale and Exchange of Works of Art by Museums*.

For live animal collections look to the *Association of Zoos & Aquariums’ ACQUISITION / DISPOSITION POLICY* (2000)

- According to the AZA, its Acquisition/Disposition Policy will serve as the default policy for all AZA member institutions (membership criteria is quite rigorous).
- Institutions may develop their own acquisition/disposal policy in order to address specific local concerns but any institutional policy must not conflict with the AZA acquisition and disposition standards.
- Like AAMD, these are enforceable for members—violations can result in an institution’s or individual’s expulsion from membership.

And finally, the **National Park Service** has some very thorough guidelines regarding deaccessioning that apply to all NPS sites (see *Museum Handbook*, Volume II, chapter 6).

- These cover a lot of issues in detail that aren’t addressed in the documents of other professional association. For example, it covers the decision-making process and required documentation, and

discusses issues such as deaccessioning in relation to theft, destruction, abandonment, and hazardous objects.

- The deaccessioning chapter (6) also includes flow charts, and forms, such as those used for deaccession, transfer, exchange, and repatriation.

### III. Key Differences

Now let's move on to the use of deaccessioning proceeds, as there are very some important differences among the various groups' codes/guidelines/standards. And associated with this is the issue of capitalization of collections. These are two things your museum needs to take into consideration when drafting or revising its policies.

#### **A. Use of proceeds**

This issue is a good example of how it can be challenging for a large umbrella organization serving so many museum types to promulgate standards that are inclusive.

Regarding use of deaccessioning proceeds, AAM's current *Code of Ethics for Museums* says they are: "to be used consistent with the established standards of the museum's discipline, but in no event shall they be used for anything other than acquisition or direct care of collections."

However, this isn't what it always said and coming to consensus on this wording stirred up a lot of controversy. In May 1991 the code of ethics was adopted by the AAM board. The approved language at that time read: "...use of proceeds from the sale of collections materials is restricted to the acquisition of collections."

Yet, despite the two prior rounds of field wide critique and input, when the adopted code was formally released, it soon became clear that there was not consensus on restrictions placed on funds from deaccession objects. So, later the same year, a newly appointed AAM Ethics Commission was charged to conduct a more detailed review of the code and AAM institutional members were invited to comment further on the two issues that were the most divisive—this one and how the code should be implemented (AAM museum members were going to be required to subscribe to it as a condition of membership). After considerable field wide input and dialogue, AAM decided to modify the deaccessioning proceeds language.

Finally, in 1994, a revision was approved that included direct care—the language we have today. (The code was revised again in 2000 but no changes were made this section.)

What other organizations say about use of funds:

- AASLH says:

Collections shall "...not be deaccessioned or disposed of in order to provide financial support for institutional operations, facilities maintenance or any reason other than preservation or acquisition of collections..."

This is similar to AAM's in that not just restricted to acquisitions; but uses the term "preservation" instead of "direct care."

- ICOM says:

“Money or compensation received from the deaccessioning and disposal of objects and specimens from a museum collection should be used solely for the benefit of the collection and usually for acquisitions to that same collection.” (2.16 *Income from Disposal of Collections*)

- AAMD says:

“The funds (principle and interest) received from the disposal or any deaccessioned work of art must be used only for the acquisition of works of art.” (Point 25)

This is underscored in Appendix B (Considerations for Formulating a Policy for Deaccessioning and Disposal) that says: “Deaccessioning and disposal by sale shall not serve to provide operating funds. The proceeds from disposal must be treated as acquisition funds.”

AAMD’s professional practices also have an Appendix (C) that specifically comments on practices for university art museums. This says “Deaccessioning and disposal from the art museum’s collection must never be for the purpose of providing financial support or benefit for other goals of the university or college or its foundation.”

As you see, you’ve got a spectrum of allowable uses, ranging from acquisition only, to usually acquisition, to acquisition and preservation, to acquisition and direct care.

When your museum is making a decision about what language to use in its policies, it should try to follow any appropriate discipline specific standards out there. But also there is something else that is very important to consider: whether you capitalize your collections.

## **B. Capitalization of collections**

This is a topic that extends far beyond deaccessioning and I am not here today to cover all the pros and cons of capitalization, why a museum would or wouldn’t do it, or get into the financial reporting and accounting specifics, or the ethical and financial implications—that’s a whole other day’s conference. (For an excellent summary about this issue is the AASLH *Ethics Position Paper #1*, cited in the handout). I just want to talk about capitalization as it relates to a museum’s choice of restrictions on use of deaccessioning proceeds.

*What is capitalization and how is this related to use of deaccessioning proceeds?*

Capitalizing your collections means assigning a cash value to the collections objects—making them a financial asset—and including them *as assets* on the museum’s financial statements.

Non-profit 501(c)3 museums are not required to capitalize their collections under the reporting standards established by the Financial Accounting Standards Board (FASB), and most museums do not do so. The Governmental Accounting Standards Board (GASB) also does not require capitalization for museums that are part of local entities that oversee museums; however these museums may be required by their parent government to declare a value of collections.

In the 1990’s, when FASB was considering whether to require museums to capitalize their collections, AAM successfully advocated against the proposal. The association took this position at

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the behest of its members, who sent a strong message that capitalizing collections contradicts standards of collections stewardship and making it mandatory would impose significant financial burden on museums.

As such, AAM's code of ethics for museums says collections in a museum's custody should be unencumbered.

ICOM says: collections "may not be treated as a realisable asset." (*2.16 Income from Disposal of Collections*)

AASLH is very specific saying collections shall not be capitalized or treated as financial assets.

AAMD says: "The collections ... do not represent financial assets that may be converted to cash for operating or capital needs, or pledged as collateral for loans."

*Back to deaccessioning—why does this matter?*

Well, if your museum chooses NOT to capitalize its collections (as many museum organizations advocate), FASB 116 and the equivalent GASB regulation requires that proceeds from sales of collections items must be subject to an organizational policy that requires that they be used only to acquire other collections items. In other words, if you do not capitalize, your collections management policy cannot say proceeds can be used for direct care or maintenance or preservation, etc. – only acquisitions.

With this in mind, I am going to close with a homework assignment for you.

When you get back to your museum, take out copies of your institution's ethics code, collections management policy, and financial reports and compare them to see if they align in terms of both wording and your accounting practices. In the Accreditation Program I see this lack of alignment over and over—in about 50 % of all Self-Studies we review. For example, the museum doesn't capitalize its collections, but its code of ethics says funds from deaccessioning can be used for acquisitions or direct care—which goes against FASB considerations for not capitalizing—but then the collections management policy says just acquisitions, which is in line with FASB but inconsistent with the ethics code.

As you can see, there are a variety of standards and guidelines issued by professional organizations, plus accounting standards, to take into consideration and layer on top of your own museum's unique mission, collections, history, and community.

(HANDOUT)

## **Documents Discussed in this Presentation**

### ***Issued by umbrella organizations***

#### **American Association of Museums**

*Code of Ethics for Museums* (American Association of Museums, 2000) <http://www.aam-us.org/museumresources/ethics/coe.cfm>

AAM Museum (Accreditation Program) standards:

*Characteristics of an Accreditable Museum* (American Association of Museums, 2005)

*The Accreditation Commission's Expectations Regarding Codes of Ethics* (American Association of Museums, 2005)

*Accreditation Commission's Expectations Regarding Collections Stewardship* (American Association of Museums, 2005)

<http://www.aam-us.org/museumresources/accred/standards.cfm>

AAM Information Center Fact Sheets on Deaccessioning (see details below in Other Resources)

[\*Ethics of Deaccessioning\* Fact Sheet](#)

[\*Guidelines for Discussion of Deaccessioning\* Fact Sheet](#)

#### **International Council of Museums**

*ICOM Code of Ethics for Museums* (International Council of Museums, 2006)

<http://icom.museum/ethics.html>

### ***Issued by discipline-specific museum organizations***

#### **Aquariums and Zoos**

*AZA Acquisition / Disposition Policy* (Association of Zoos & Aquariums, 2000)

<http://www.aza.org/AboutAZA/ADPolicy>

#### **Art Museums**

*Professional Practices in Art Museums* (Association of Art Museum Directors, 2001)

Buy (\$10) at <http://www.aamd.org/order>

*Resolution Concerning the Sale and Exchange of Works of Art by Museums* (College Art Association, 1991)

<http://www.collegeart.org/guidelines/sales.html>

#### **History Museums**

*Statement of Professional Standards and Ethics* (American Association for State and Local History, 2002) <http://www.aaslh.org/ethics.htm>

*Ethics Position Paper #1, The Capitalization of Collections* (American Association for State and Local History, 2003) <http://www.aaslh.org/pos.pap.htm>

### **National Park Service**

*Museum Handbook Part II, Museum Records* (National Park Service)

<http://www.cr.nps.gov/museum/publications/MHII/mushbkII.html> (see chapter 6)

## **More Resources**

### **For purchase through AAM's Bookstore**

- *A Deaccession Reader*, Stephen E. Weil, (American Association of Museums, 1997)  
<http://www.aam-us.org/bookstore/detail.cfm?id=374>
- *Codes of Ethics and Practice of Interest to Museums* (American Association of Museums, 2000)  
<http://www.aam-us.org/bookstore/detail.cfm?id=353>

### **For AAM Members:**

- **AAM's Collections Exchange Center**

<http://www.aam-us.org/museumresources/cec/index.cfm>

The AAM Collections Exchange Center (CEC) facilitates the exchange of collections material between AAM institutional member museums. This assists museums to effectively manage their collections while ensuring that material held in the public trust remains available to the public for its education and enjoyment. Only AAM institutional member museums are permitted to use the AAM CEC, and the service is free of charge to these institutions.

- **AAM's Information Center**

<http://www.aam-us.org/museumresources/ic/index.cfm>

The Information Center offers fast, easy access to extensive online resources. AAM members and staff of AAM member museums can access fact sheets, glossaries, and hundreds of links that have been individually reviewed and described for their usefulness to museums. In addition to the online resources, the Information Center offers confidential, customized reference services to staff of AAM member museums. Simply contact the Information Center at [infocenter@aam-us.org](mailto:infocenter@aam-us.org). Help is provided within 2 business days. The Information Center has a collection of more than 400 sample documents, in more than 40 categories, from a variety of types and sizes of museums. Sample documents are available to staff of AAM member museums as a benefit of the museum's membership.

Information Center web pages and handouts cover:

[Ethics of Deaccessioning Fact Sheet](#)

Summarizes the positions of AAM, the American Association for State & Local History, and the Association of Art Museum Directors concerning this important issue.



[\*Guidelines for Discussion of Deaccessioning Fact Sheet\*](#)

Offers suggestions to help museum act responsibly when considering deaccessioning. It encourages museums to develop a framework for deaccessioning and a communications plan to enhance public relations and transparency.

[\*Selling Deaccessioned Materials Online Fact Sheet\*](#)

Discusses issues a museum may want to consider before deciding to use an online auction service.

[\*Capitalizing Collections: Nonprofit Museums\*](#)

Includes information on conditions that must be met if a museum decides not to capitalize its collections.

[\*Capitalizing Collections: State and Local Government Museums\*](#)

[\*Capitalizing Collections: Questions Answered by FASB Staff\*](#)

Addresses issues relating to valuation for museums that do decide to capitalize collections.