

APPENDIX F.

ACQUISITION AND DISPOSAL: BACKGROUND INFORMATION

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the Henry Ford Museum intellectual framework

For a number of years, the Henry Ford Museum has been employing an intellectual framework to guide all its programs, including collecting. This approach marked a significant shift from the one that Henry Ford envisioned in 1931: “We are trying to assemble a complete series of every kind of article used or made in America from the days of the first settlers down to now. When we are through we shall have reproduced American life as lived; and that, I think, is the best way of preserving at least a part of our history and traditions (Henry Ford Museum & Greenfield Village 2002a).”

The transition began in 1981, when a new director, Harold Skramstad, concluded there was no clear rationale underlying the museum’s collecting. He called for a moratorium on collecting for one to one-and-a-half years until the museum had a collecting plan. During that period there were to be no acquisitions, as the new director of collections (now president of the Henry Ford) defined a theme — change

over time — to which collections would need to be clearly linked. Also underlying the changes of this period was the need to address serious financial issues.

More recently, in 1999 the museum established a Collections 21 Task Force, whose mandate was “to re-examine and define the purpose, nature, and scope of the artifacts we will require to achieve our mission in the next century (Henry Ford Museum & Greenfield Village 1999).” This task force worked in parallel with two others that looked at “the character and mix of our programmatic experiences” in the museum and Greenfield Village, respectively (*ibid.*). The collections task force identified both the core topics of the museum’s collections (for example, agriculture and family life) and the areas that the collections did not cover and that the museum would not pursue in depth (such as religion and military history). In each of the core topics, the task force also identified particular strengths of the Henry Ford’s collection (such as competition and record-setting within the core topic of transportation and automobiles).

The Collections 21 Task Force also identified a guiding collections principle — “The artifacts we maintain need to tell a story and the story we are telling is one of change through time” — in light of which judicious acquisitions should take place. Acquisitions were expected to have certain characteristics reflecting this story-telling function. They should, for example, “reflect a shift in the way America viewed, understood, or interacted with the world,” and “include a powerful story of a maker, user, or marketer.” The task force listed the target audiences in order of priority, noting that the primary audience to be considered in object collecting was the general public, and that “No three-dimensional artifacts should be collected primarily for research, study, or for an electronic program.”¹ Wherever possible, the object was to be the “real thing.” The task force recommended a Collections Evaluation Initiative over three years to analyze over half the collections. The initiative was implemented beginning in 2000, and over a period of three years curatorial staff

¹ Ford’s collections are geared entirely to its public programs, including exhibitions. It does not have a research function beyond that required for the development of exhibitions and other public programs, although a significant number of outside researchers make use of its collections.

evaluated some 22,500 items in 32 collections. As of September 2002, 3,897 of those items had been deaccessioned.

The collections department (now called the history department) works within the updated intellectual framework that defines broad subject matter areas relating to American inventiveness and technology. Within those areas, it selects specific themes, subthemes, and stories that the museum is to emphasize in its programs. An example of a subject matter area is “Rural Life after World War II.” A draft narrative for this area identifies three themes: “Changing Features and Distinctiveness of Rural Life”; “Balance Between Altering the Environment and Producing a Crop”; and “Significance of Technological Development and Mechanization” (Henry Ford Museum & Greenfield Village 2002b). According to this narrative, “The three themes examine the following concepts: rural people and rural culture; the competing ideals regarding agriculture and rural life; and the technological manifestation of agricultural production (*ibid.*, 1).” An underlying assumption is that stories and objects will represent “the lives of rural people and workers of differing ages, ethnicity, class, gender, and geography (*ibid.*).” The narrative also provides specific subthemes and identifies appropriate artifacts that fall under each theme. For example, in the case of the theme “Significance of Technological Development and Mechanization,” the subthemes are “Hand Labor vs. Mechanization”; “Appropriate Use of Technology”; and “Biotechnology and Conventional Genetic Isolation.” The narrative states that “these themes and topics will build on what is arguably the best machinery collection in the United States. It prudently broadens the scope of our collections while building on existing strengths (*ibid.* 8).” Specific artifacts that the museum intends to use to illustrate the subthemes are a gene gun; a bean buggy; a diesel tractor; a John Deere 4020 tractor; feed and seed sacks; a large round baler; harvestore pieces; and an Allis-Chalmers Rotobaler.

the Samdok approach

Samdok is the most frequently cited example of the use of documentation as the primary tool in preserving evidence of social, economic, and political evolution. Samdok is a consortium of Swedish museums, numbering 90 in 2002, that focuses on extensive documentation of contemporary life, with object collecting relegated to a secondary role. Further, Samdok avoids an ad hoc approach to acquisitions by basing its limited collecting on research into national economic and social characteristics (Fenton 1995). For Samdok, collecting is not an end in itself. Rather, the goal is comprehensive documentation of contemporary society that avoids the gaps that currently exist in museum collections (Rubenstein 1985).

Samdok grew out of discussions at one national Swedish museum about its failure to present a picture of the present time — its collections only went up to 1910, and they did not reflect the whole of Swedish society. One outcome of the discussions was the establishment of Samdok in the 1970s to deal with the enormity of the task of preserving evidence of contemporary society.

Members of Samdok participate on projects in nine working groups that focus on specific areas of contemporary life, such as domestic life, leisure, nature and natural resources, and manufacturing. Each working group develops a national program to guide its work, and members meet annually to choose, by consensus, a documentation project and specific documentation site — such as a particular home or firm. Members of the groups work jointly on the projects, which typically are larger than individual museums can do on their own.

Initially Samdok emphasized object collecting, but after a few years it shifted to comprehensive documentation of the chosen site, including extensive interviews with the people living or working there and visual imaging. The documentation team also decides what objects to collect, looking for a limited number of objects that best

illustrate the themes that emerge from the documentation. According to interviewees, Samdok has led participating museums away from collecting that turns on the personal interests of curators to a more conscious, representative approach to collecting with richer context, less duplication, and fewer artifacts. It has also encouraged active sharing of plans, information, and collections across museums, consistent with a long tradition of collaboration among Swedish museums.

disposals at the Glenbow Museum

Canada's Glenbow Museum in Calgary, Alberta, opened in 1968 with a mission that called for a focus on the history and settlement of northwestern North America. Its initial donated collections were large and somewhat eclectic, with objects that varied greatly in quality. The collections grew rapidly, in part because local people who saw the museum as their community's attic donated generously, and in part because the museum accepted most of what was offered. In the 1980s, "deaccessions became an active part of professional collections management at Glenbow (Ainslie 1997, 127)." From 1980-92 Glenbow disposed of around 30,000 secondary objects that were redundant, not of museum quality, or clearly outside the museum's mission.

In 1992, Glenbow realized that if it continued at its current rate of operating expenses, it would be bankrupt by 1997, with a deficit of \$7.7 million (Janes 1995, 27). To avoid this outcome, the board and director adopted six strategies, one of which was to sell selected items from its international collections that did not support its mission and geographic focus; most of the items were of museum quality and of some financial value. The objectives of the disposal project were:

- To create a Collections Endowment Fund, indexed against inflation, the income from which could be used for the care and maintenance of the collections and for future acquisitions;

- To create space for new acquisitions of more relevant collections;
- To re-establish Glenbow's core geographic focus on northwestern North America;
- To refine by culling duplicates and nonmuseum quality items; and
- To reduce the cost of collections management (Ainslie 1997, 130).

Glenbow's director discussed the disposals in the following terms: "Like good gardeners, we gather and tend our collections, but we must also prune. Careful deaccessioning of selected international collections would strengthen our focus on the northwest quadrant of North America, without diminishing our commitment to an international perspective (Janes 1995, 130)." It also helped, as one interviewee noted, that "Glenbow had no choice."

Beginning in 1992, Glenbow undertook a careful, detailed, and transparent program of deaccessioning and disposal that lasted about a year. It selected items with the aid of experts, hired for the task when museum curators lacked the required expertise. Glenbow also consulted with stakeholders, the local government, the public, the media, donors, and the museum community. Having decided it wanted to use sales proceeds for collections care as well as acquisitions, Glenbow consulted a number of sources, including the Canadian Museum Association, AAM, and auditors, to ensure that this was acceptable. It listened to all the concerns it heard, and made every effort to address them. Although the museum was initially worried about how donors might respond, the attitude of one was typical: he said he would keep donating to Glenbow because he wanted to see his collection go to a museum that was properly managed.

Glenbow sold the objects through auction houses and, when they were not interested, through dealers. By 1997 Glenbow disposed of 3,000 objects for about \$5 million in net revenue (income less the cost of the sales). It set up an acquisition

fund with the proceeds, with the income allocated for care and documentation of the collections.²

In the aftermath of the deaccessioning project, Glenbow introduced a “grading” system, intended to identify further candidates for deaccession, as well as rationalize collections care. Senior management designated this grading system as a strategic priority, both to emphasize its importance and facilitate its completion. The process was carried out only after lengthy discussion with curators, who were initially skeptical but in the end bought into the system. Each curatorial department was required to review all objects in its collections and to assign the objects to one of four categories: (1) core; (2) education (for hands-on use); (3) community (primarily for loans); and (4) disposal.³ The last category was required to equal at least 10 percent of a department’s remaining collections⁴; some departments placed up to 20 percent of their collections in this category. Aside from identifying potential candidates for disposal, the process allowed curators to become more familiar with the collections and to determine which objects should be housed at the museum (grades 1-3) as opposed to less adequate facilities (grade 4). As a result, some higher grade collections were moved out of poor offsite storage and into the museum, and vice-versa. At the end of a year, Glenbow had graded 65 percent of its collections.⁵

Because a new law transferred ownership of the museum’s collections to the government and made deaccessioning far more complicated, after 1997 Glenbow had to curtail its disposal activity. However, it was continuing to work with the government to find ways to proceed with disposals.

² The income was initially set at 8 percent of the principal (indexed against inflation), a rate that is slowly being decreased to 5 percent.

³ In the 1990s, the Ministry of Welfare, Health, and Cultural Affairs of the Netherlands began a grading scheme called the Delta Plan (see Chapter 4). The purpose was to deal with financial problems by identifying museum backlogs, developing strategic plans, and implementing solutions. The Delta Plan established three categories for museum collections, from most significant to least significant.

⁴ This percentage was fairly arbitrary, but was chosen to be high enough that (1) the staff would take the project seriously; and (2) the amount to be deaccessioned would make the project worthwhile.

⁵ Thereafter the process slowed as resources were reassigned to other priorities that emerged.

collections accounting standards

The Smithsonian abides by the standards of the Financial Accounting Standards Board (FASB), which sets standards for nongovernmental accounting. In accordance with these standards and with prevailing museum practice, the Smithsonian does not capitalize its collections as assets. That is, it does not assign a monetary value to them.

When FASB issued a draft proposal in 1990 that suggested collections should be recognized as assets and capitalized in financial statements, there was a strong reaction from the museum community. After receiving comments on this draft, FASB agreed that the costs associated with capitalizing collections greatly outweighed the benefits, and that capitalizing collections would make museums appear wealthier than they really are in terms of assets available to fund operating expenses. Thus, FASB standards issued in 1992 made capitalizing collections optional; however, they also set certain policies and reporting requirements for museums that chose not to capitalize their collections (Financial Accounting Standards Board 1993a and 1993b). According to these policies, noncapitalization is permissible if collections are held for public exhibition, education, or research rather than financial gain; are cared for and preserved; and are subject to an organizational policy that requires proceeds from sales of collection items to be used only for the purchase of new acquisitions. (Objects that are not part of a museum's collections must be capitalized on financial statements, and revenues from the sale of such items are available for any purpose, including operating expenses.)⁶

⁶ Another organization, the Federal Accounting Standards Advisory Board (FASAB), promulgates standards for "heritage assets" (including collections) held by federal organizations. FASAB standards preclude the capitalization of collections, but impose stewardship reporting requirements called Required Supplementary Stewardship Information (RSSI). RSSI requires federal museums to demonstrate acceptable stewardship by reporting on collection size; the number of catalogued items; the condition of individual catalogued items; and the percentage of catalogued items in good, fair, and poor condition. This goes beyond FASB standards for noncapitalized collections, which require only that museums describe their collections and stewardship policies, but do not require condition reports.

The Smithsonian, with the approval of its external accountants, began to comply with FASB's FAS 116 requirements in 1996 and has continued to do so. Thus, the Smithsonian does not capitalize its collections and provides annual reports regarding changes in collections size and the disposition of funds from sales of collections items. The National Collections Program (NCP) publishes these data in its annual *Collection Statistics* report, which covers, among other things, the size of collections and the number of acquisitions, deaccessions, disposals, and loans. NCP also publishes an annual *Collections Management Assessment Report*, with collecting units' self-assessments of their compliance with Smithsonian Directive 600 Collections Management (SD 600).⁷ NCP submits an annual collections disclosure to the Chief Financial Officer and the Comptroller for use in the annual external audit and statement of financial position.

In accordance with FASB requirements — as well as professional ethics — SD 600 states that collecting units can use the proceeds from sales of deaccessioned items to acquire additional collections and to cover the costs *directly associated* with the deaccession and disposal of items, including appraisal, culling or processing, shipping, and commissions. At its January 2004 meeting, the Smithsonian Board of Regents approved the use of sales proceeds for expenses directly related to the deaccessioning and disposals, saying in a statement on deaccessions at the National Postal Museum that “Proceeds from the sale will be used to acquire stamps and other philatelic artifacts for the Museum and to cover the direct costs associated with the deaccession.”

⁷ Chapter 8 of Smithsonian Directive 600 deals with the Smithsonian's policy on accounting for collections.

