

Notes and Communications

Bucks for your Bytes: Monetary Appraisal for Tax Credit of Private-Sector Electronic Database Records

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RÉSUMÉ Ce court texte examine l'assignation d'une valeur monétaire aux bases de données électroniques pour fins de crédits d'impôts. Alors qu'il existe plusieurs précédents pour l'évaluation monétaire des documents archivistiques dans les médias plus traditionnels, ce n'est pas le cas pour les grands systèmes de bases de données. Ce texte identifie quelques facteurs que les évaluateurs ont élaboré pour déterminer la valeur monétaire de ces documents.

ABSTRACT This short note addresses assigning monetary value to electronic database records for the purpose of income tax credits. While there are many precedents available for the monetary appraisal of more traditional archival media, this is not the case for records from large database systems. Some of the factors that evaluators have developed to assign monetary value to these records are identified here.

This short note addresses assigning monetary value to electronic database records for the purpose of income tax credits. Such tax credits, non-Canadian readers should be informed, are designed to encourage the donation by Canadians of their cultural property (paintings, artifacts, rare books, manuscripts, maps, and so on) as gifts in kind to public institutions for the enjoyment of all Canadians. In exchange for donating such personal property, the donors receive a credit equal to the fair market value of the gift. They may then apply that tax credit against their other income in order to reduce their payable income taxes. Tax credits range from a few hundred dollars to millions for larger collections. Museums, galleries, and archives, among others, have participated in this program for over three decades.

While there are many monetary appraisal precedents available for more traditional archival media, that is not the case for records from large database systems. This note, then, suggests some of the factors that evaluators have developed for this purpose based on several completed monetary evaluations of donor databases. While the examples are drawn exclusively from concrete experience assessing electronic polling and public opinion surveys data sets, perhaps the factors articulated in this context may be applied, with appropriate modification, to other types of electronic records by other archivists. Gradu-

ally, thereby, the profession will build an expertise in valuating electronic records, just as it now has for old manuscripts or rare maps.

The appraisal of private-sector archival records for money is a well-known if difficult art, and it is one in which I had very little experience as a working-level archivist. My entire career at the then-National Archives of Canada was spent working on the “government records side” of the institution, where there is no need for monetary appraisal of records for donor tax credits, purchase, or, indeed, any other purpose. I watched then with wonder as my colleagues on the “private side” of total archives engaged in these activities, scouring auction catalogues and collectors’ magazines, checking precedents of prices paid and valuations made for similar materials in other cultural institutions, all to determine the fair market value for a collection of archival materials, or for a single item, in one of many media possibilities. In addition to concrete precedents and trends in market prices, valuations are affected by the stature of the individual or corporation donating or selling the records, the research potential of the records, their completeness as a fonds (or their potential for completing a partial fonds already in archival custody), any intrinsic or aesthetic value as rare or beautiful works, and possible symbolic or national importance of the records.

For electronic records, some of these same factors pertain, but sometimes in new ways. Other factors are also relevant. Since leaving the National Archives in 1998, I have been involved in some ten monetary appraisals of electronic records. While I must be circumspect in terms of not identifying specific donors or the final amounts, these monetary appraisals were all for income tax credits. Each of these appraisals involved national or large regional polling or public opinion companies donating their records to various Canadian universities. The opinion polls or surveys were commissioned by the polling companies’ clients – government departments, large business corporations, and various media (newspapers and television primarily, also magazines) – and the results were sold to them on a subscription basis, usually quarterly, for political or marketing purposes, or for use in regular news or media feature stories. The polling function involves determining the nature of the questions and the audience, conducting the surveys or interviews, coding and automating the results, running tabulations and data sorts, analyzing the results in internal reports and studies, and producing the finalized reports for sale or subscription to the clients. Most of these business processes produce records, as well as auxiliary financial and administrative files.

The appraisal team, the same in all cases, consisted of a highly experienced monetary appraiser and respected Canadian historian and former archivist, a very experienced book and manuscript dealer/evaluator, a veteran journalist and political scientist personally involved in developing and using polls for a leading newspaper and television network, and me. I was there not because of any experience in monetary appraisal, for as noted, at least at first, I had none,

but because I had some expertise in archival electronic records that the others did not. Some of the appraisal sessions were for new or first-time donations; later ones also included accretions to those earlier accessions of more recent material.

We stated the dilemma to ourselves in our very first session as we were grasping for some “hard dollar” figures to begin our deliberations. We mused that there were three concrete monetary figures “on the table” for this type of electronic data: the twenty-five cents per diskette or CD physically holding it, the \$24,000 annually that each client had thought it worth paying to subscribe to at least one of the series of confidential reports produced from the data, and the roughly one-half million dollars that it cost the companies to produce the data (i.e., the entire polling process from design to final report) for an extensive survey. To complicate matters, there were no auction prices or other precedent figures to guide us; as far as we could learn, we were doing the first-ever monetary appraisals of electronic records in Canada, and certainly so for Ontario. And there was not likely to be a bidding war for these records, despite their evident importance, that might help to establish an open market value, for very few Canadian archives then had, sadly enough, the capacity to deal with electronic records.

As a team, we gradually developed our own criteria in light of these factors, and then honed over the past few years a set of questions that we would ask of the donor, of the recipient institution, and, naturally, of the records themselves, in order to come to a monetary value for the donation. Those fifteen criteria follow below, in no particular order:

1. The size of the datafile: normally 2 Mb of similar information will be less valuable than 6 Mb, although one must be careful that the cited extent in each case includes only raw data, not software, extraneous files, or duplicates – all of which we have encountered.
2. The completeness, accuracy, and readability of the data.
3. The number of respondents and the number of questions asked: the higher the better, although all donations obviously used sufficient-sized samples to achieve statistical validity.
4. The consistency of questions asked over time, thus allowing for longitudinal and cumulative research, and pattern and trend analysis.
5. The consistency of the data coding methodologies and variables over time, thus allowing for easier linkage and manipulation in doing such longitudinal research.
6. The level of demographic information collected as manipulable data about the actual respondents answering the questions: gender, income, family size, ethnicity, occupation, etc.; the more, the better, for allowing cross tabulations and richer stratified analysis of subsets.
7. The breadth (without sacrificing depth) of the analysis of the data: polls

probing just political attitudes or voting patterns are less valuable than complex ones assessing social-cultural patterns and ideas across a whole range of human activity.

8. The existence and inclusion in the donation of metadata, usually in the form of automated versions of the questions from the original survey or interview sheets; and which metadata is then itself searchable, and, if directly linked to the data, allows for the creation of subsets of the databases according to these searchable questions. By so allowing researchers in turn to formulate and pose quite different questions of the same data, the value of the data to Canadian studies and thus to Canada increases.
9. The existence in the donation of hard-copy documentation (copies of questions and questionnaires, record layouts, data directory structures, codebooks, etc.).
10. The inclusion in the donation of other media records of the entire fonds (i.e., that part of the fonds no longer needed for operational purposes): in addition to the data, and related automated metadata and hard-copy documentation already noted, this would include policy and client files, photographs, videos (both advertising and interviews with company personnel), manuscripts for articles and speeches by company leaders, copies of the “grey literature” confidential reports sold to clients, any record revealing how questions for surveys were chosen, worded, added to or deleted from later surveys, etc.
11. As noted earlier, the hard cost of originally collecting, manipulating, and distributing the data.
12. As noted earlier, the price for which the results of the data were originally sold to subscribers or clients.
13. The extension or completion of existing fonds in the archives represented by the new donation, thus increasing the value of the earlier holdings, and of the newer ones, by extending their cumulative and longitudinal character.
14. The nature and demonstrated commitment of the recipient institution affects the value of the gift to Canada and Canadians. Data tucked in a back drawer or distant warehouse is less valuable data than easily available data, closely linked with its metadata, in a welcoming research centre or, still further, posted to an entry point on an institutional Internet site, and preferably without user fees for non-commercial use. Data properly stored and refreshed by an institution committed to appropriate digital preservation processes, facilities, and policies is more valuable to Canada than data ignored and allowed to deteriorate over time. Institutional commitment to use (or produce) easily accessed automated metadata to allow researchers to construct data subsets without needing advanced programming skills or their own software likewise makes the data more valuable.
15. Finally, there are questions common to monetary appraisal of any medium: the stature, fame, and contribution of the company or its presi-

dent to Canadian life and politics; the impact of the company's work on major political parties or corporations (each has their favourite pollster); the links (sometimes direct and intentional) of the donated data to American and international equivalents in parallel surveys and polls, thus allowing for an international context to Canadian realities; the relevance of data reflecting major concerns or controversies or activities in Canadian life; and the possibilities for research on a wide range of subjects in many disciplines. Potential for wide-scale use increases knowledge about Canada and Canadians, and therefore the value of the gift.

I would hope that as digital archival programs become more common in Canadian archival repositories, this list of criteria will be extended or amended by archivists based on their experiences, with the same or different types of datasets. I would hope, too, to see some discussion, in terms of the non-structured digital world of the desktop personal computer and automated (home) office, about whether born-digital letters, diaries, film, or photographs are, monetarily and archivally, as valuable, more valuable, or less valuable than their earlier paper/analogue equivalents.