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SMITHSONIAN INSTITUTION
Proceedings of the Meeting of the Board of Regents
May 6, 1991

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SMITHSONIAN INSTITUTION

SUMMARY PROCEEDINGS OF THE BOARD OF REGENTS

The Silvio O. Conte Memorial Meeting

May 6, 1991

TRIBUTE TO REGENT SILVIO O. CONTE

The Regents adopted a formal resolution expressing their heartfelt sympathy to Mrs. Conte and her family on the death of Silvio O. Conte, Congressman from the First District of Massachusetts since 1959 and Regent of the Smithsonian since 1979.

REPORT OF THE EXECUTIVE COMMITTEE

The Executive Committee of the Board of Regents met on April 25, 1991, to review the proposed agenda for the May 6, 1991, meeting of the Board. In addition, the Committee considered proposals for two matters of special urgency and approved the following motions:

> VOTED that the Executive Committee, acting on behalf of the Board of Regents, authorizes the Secretary to negotiate the most favorable terms for the purchase of warehouse space for the Smithsonian Museum Shops, based on the [accompanying] analysis.
>
> VOTED that the Executive Committee of the Board of Regents authorizes the Secretary to complete negotiations and award contracts for the financing, land acquisition, and design, construction, and equipping of the Administrative Service Center.

REPORT OF THE AUDIT AND REVIEW COMMITTEE

At the Audit and Review Committee meeting on April 22, 1991, Coopers & Lybrand noted that the Smithsonian's financial statements for fiscal year 1990 had earned an unqualified opinion and that no major weaknesses in internal controls had been observed. Highlights of Coopers & Lybrand's Report to Management for the year included the continuing need to strengthen central management of certain financial and administrative functions as bureaus and offices of the Institution increasingly engage in entrepreneurial activities. The Committee urged management to require high standards of cash management and internal controls in performance plans of responsible staff and officers.

The Committee expressed the view that the Financial Accounting Standards Board's draft rules for the capitalization of museums' historical treasures and works of art are potentially burdensome and irrelevant and ought to be vigorously challenged.

The Inspector General presented his draft semi-annual Report to Congress for discussion. Noted were findings which could redirect certain funds to better use, which question certain contract costs, and which suggest improvements in the Smithsonian ethics program. The Committee urged the

Inspector General to audit responsiveness to Coopers & Lybrand's recommendations, to give priority to internal controls in audit reports, and to draw attention to any internal audit recommendations which have not been complied with for many months.

Assistant Secretary Suttenfield gave an overview on progress toward implementing a new, modern financial management system.

REPORT OF THE INVESTMENT POLICY COMMITTEE

VOTED that the Board of Regents accepts the Report of the Investment Policy Committee and approves for fiscal year 1992 a total return income payout rate of $12.50 per share for all endowment funds.

The spring meeting of the Investment Policy Committee was held on April 2, 1991 at 9:30 a.m. The Committee discussed social responsibility in investing, especially with regard to environmental issues, and asked staff to develop a position paper for the Committee's further consideration.

In a review of the current overall financial status of the Institution, the Committee noted that endowment funds have surpassed $300 million but the operating budget is feeling the effects of the recession. The Committee felt that endowment fund-raising efforts should not be abandoned.

Among other actions, the Committee rejected an outside proposal to use endowment securities in a securities lending program, recommended a total return payout rate of $12.50 per share for fiscal year 1992, and discussed the performance of its independent investment managers.

SITE SELECTION FOR THE SUBMILLIMETER TELESCOPE ARRAY

After reviewing recommendations from the Secretary and from an external Scientific and Technical Advisory Group, it was

VOTED that the Secretary and the Director of the Smithsonian Astrophysical Observatory are authorized to negotiate with the University of Hawaii to site the SAO submillimeter array of telescopes on Mauna Kea, Hawaii.

RENAMING COOPER-HEWITT'S ADVISORY COUNCIL AS A BOARD OF TRUSTEES

Special pleasure was expressed for providing the Cooper-Hewitt with the kind of support which a Board of Trustees could offer, and it was,

VOTED that the Board of Regents renames the Cooper-Hewitt Advisory Council the "Cooper-Hewitt Board of Trustees," to reflect the group's full responsibilities and obligations to the Museum, and establishes the Board of Trustees under the Bylaws which were formerly adopted for the Advisory Council.

ANNUAL REPORT FOR FISCAL YEAR 1990

VOTED that the Board of Regents accepts Smithsonian Year 1990, the annual report of the Secretary for fiscal year 1990.

LEGISLATIVE ACTIONS AND ISSUES

VOTED that the Board of Regents requests its Congressional members to introduce and support legislation authorizing appropriations to acquire land at the Smithsonian Environmental Research Center and clarifying the availability of funding for the East Court construction project in fiscal years after 1991.

See also below, under "Administrative Service Center," where an additional legislative action was taken by the Board.

The Regents were provided a report on the status of a number of Smithsonian-sponsored initiatives, including the reappointment of Mr. McHenry, the National Air and Space Museum Extension, and the matters addressed in the foregoing motion. Additional Smithsonian-related initiatives include the National Afro-American Memorial Museum, the National Museum of the American Indian Amendments Act, the National Biological Diversity Conservation and Environmental Research Act, and the National Historic Preservation Act Amendments.

FINANCIAL REPORT

The Board was informed that a $4.2 million projected shortfall in current year unrestricted Trust fund income was covered by funds available only on a one-time basis from excess funds from the Quadrangle construction account and contingency reserves established in fiscal years 1990 and 1991. It was

VOTED that the Board of Regents approves the adjustments to the fiscal year 1991 budget of nonappropriated funds, as explained in the narrative and represented in Schedule D.

The fiscal year 1992 Federal budget request has been revised to reflect the Office of Management and Budget passback which was reported previously. The chart below summarizes the request to Congress.

(Dollars in thousands)

Appropriation Account	FY 1992 Request to OMB	FY 1992 OMB Passback	FY 1992 Request to Congress
Salaries & Expenses	$322,636	$292,450	$292,450
Zoo Construction	20,050	8,000	8,000
Repair & Restoration	35,000	31,600	31,600
Construction	83,450	25,100	25,100
Total Smithsonian	$461,136	$357,150	$357,150

House budget hearings were held on March 21, 1991. The hearings gave considerable focus to the Smithsonian's infrastructure needs and to its various educational initiatives, especially those which had been requested but cut by the Office of Management and Budget. The Senate hearing is scheduled for May 15. The Trust fund budget will be formulated for presentation to the Regents at their September meeting.

The Friends of Music at the Smithsonian, an affiliated group of supporters, has been making contributions to the National Museum of American History to support the Division of Musical Instruments for nearly 20 years. To facilitate the enhancement of their past and future contributions, it was

> VOTED that the Board of Regents authorizes the Secretary to establish, as part of the Institution's Endowment funds, a quasi-restricted fund to be known as the Friends of Music Fund and to authorize the transfer of the restricted monies identified for this purpose.

STATUS REPORTS

Smithsonian-Wide Accounting and Management Information System
Senior Pay System
Cultural Diversity and Equal Opportunity in the Smithsonian Work Force: 1984-85 and March 1991
Special Employment Initiatives
Litigation Report Summary
National Museum of the American Indian
Scholars' Residence
Quincentenary Programs
Development Initiatives
Feasibility of Gem Collection Traveling Exhibition
Status of the Mitchell Case
Bringing Synergy to Public Education -- An Update

REPORT OF THE NOMINATING COMMITTEE

The Committee is trying to identify collectively leading possibilities for at least three potential vacancies in the next two years in order to make the most rational recommendations with respect to filling the very first projected vacancy on the Board. Criteria for all searches should include: (1) exceptional people of national and international perspectives, (2) people who are willing to work hard and be committed to the work of the Board. The Committee is mindful of the importance of maintaining and possibly enlarging the representation of women and minorities and persons from regions not currently represented on the board. The Committee also feels that the Board is in need of more members with corporate or financial background and experience. The Committee expects to bring a recommendation on filling at least one potential vacancy at the September 1991 meeting, and to that end requested additional suggestions with the foregoing criteria in mind.

The Committee also suggests reevaluating the prevailing assumption of an automatic reappointment for second terms for citizen members of the Board and will consider making a recommendation of a policy in this regard soon.

AMENDMENTS TO THE BYLAWS OF THE BOARD OF REGENTS

The Regents gave preliminary consideration to two amendments to the Bylaws of the Board, one related to the designation of a chief financial officer and the other more specific guidance with regard to the procedure to be followed in cases where a member might have some personal interest in a matter coming before the Board at a meeting. It was agreed that the Chancellor and the Executive Committee will consider these further before proposing them for the Board's final adoption.

REPORT OF THE SECRETARY

Mr. Adams noted that there have been discussions between officials of the Smithsonian and the National Park Service over the Institution's access to the Mall for the annual Festival of American Folklife. At issue is the degree to which the staging and execution of the Festival is detrimental to the elm trees which line the Mall. As of a few days prior to this meeting, an agreement appears likely between the Smithsonian and the Park Service for the Institution's modified staging of the Festival on the Mall for the present year, but a longer term solution is yet to be worked out.

Mr. Adams reported that an architectural consultant's report, which is nearly complete, is expected to confirm that conversion of the northern part of the Old General Post Office Building into adequate, but not ideal, museum space is certainly possible. Unfortunately, the fact that the total amount of space in the building represents no appreciable gain over the space now allocated to either the National Portrait Gallery or the National Museum of American Art will complicate internal decision-making regarding the relocation and provisions for growth of either entity. At the same time, it has become apparent that, with the passage of time since the Smithsonian gave its first estimate of $40 million for the design and rehabilitation of the building, the total cost may now be nearly double that amount.

Secretary Adams reminded the Regents of their February 4, 1991, discussion of the Institution's indemnification of Dr. Richard Mitchell, a Fish and Wildlife Service employee who is under investigation for certain activities during a time when he was detailed to the Smithsonian under an inter-agency agreement. The Smithsonian has sought the opinion of the General Accounting Office with respect to the propriety of some aspects of the Institution's assistance in Dr. Mitchell's defense but has not received any response in writing. In the meanwhile, Smithsonian management has requested Dr. Mitchell's counsel to cease any work for which the Smithsonian might be liable at least until a response from G.A.O. has been received, and management has also asked for additional documentation for the work which has already been billed to the Institution.

Mr. Adams brought the Regents up to date with respect to the policy of the Trustees of the National Museum of the American Indian which mandates the repatriation of a broad range of funerary and sacred objects from the collections, noting that the policy will be reconsidered by the Board of Trustees soon. The Secretary doubted whether there would be anything significant happening with respect to repatriation in the meanwhile, though it was recognized that a good many museums are watching these developments carefully.

Mr. Adams and Mrs. Turner brought the Regents up to date on the status of agreements with the State and City of New York for their share of funding for the renovation of the Custom House to accommodate the Heye Center of the National Museum of the American Indian. While discussions with both the State and the City seem promising, there remains a concern about the abilities of both jurisdictions to produce the funding under current economic and financial conditions. Several Regents expressed the view that the Smithsonian's planning for a Mall museum in Washington should not be delayed by potential postponements in completing the renovation of the Custom House in New York.

The Regents were briefed on certain aspects of the recent Exposure Draft of the Financial Accounting Standards Board which are especially troublesome to the Smithsonian. These include requirements for the capitalization of museums' historical and art collections as assets, for the valuation of services contributed by volunteers, and for the valuation and recording of long-term pledges in the year received by the Institution. A Smithsonian response emphasizes the sheer impracticality of placing a value on collections of the size and unique quality of the Smithsonian's as well as the costs, which would far outweigh the benefits of putting this information in the financial statements. Smithsonian staff will appear at a hearing before the Financial Accounting Standards Board in July.

The Secretary indicated that progress is being made in the preparation of a study on the advantages and disadvantages of locating a new Mail Order fulfillment center in nearby as well as remote locations. The first parts of this study, which focus on the costs and benefits of locating the center in West Virginia, are expected to be completed prior to September, by which time an initial report will be presented to the Board.

REPORT OF THE ADVISORY COMMITTEE OF THE AFRICAN AMERICAN INSTITUTIONAL STUDY

The Advisory Committee of the African American Institutional Study, first convened in January 1990, consisted of 22 historians, educators, cultural administrators, business people, and others brought together for the purpose of considering what type of institutional presence there should be for African Americans at the Smithsonian and on the Mall. The Committee made four unanimous recommendations: (1) that there should be a free-standing African American museum at the Smithsonian, (2) that the museum should be housed in the Arts and Industries Building, (3) that the board structure ought to follow the model of the National Museum of the American Indian, and (4) that a National Trust for African American Museums should be established, with an institutional affiliation, if any, to be recommended by the African American Museums Association.

In discussion, the Secretary pointed out that the Advisory Committee's study is strictly conceptual, as it does not speak to process, cost, collections, and the duration of the effort that would be required to bring the museum to fruition. Accordingly, the Regents' acceptance of the report should be "in principle." He went on to explain that there remain major questions about what to do with the American History Museum collections presently in the Arts and Industries Building and the amount of interior renovation that would be required in that building. In their discussion, the Regents emphasized the need to identify core collections for such a museum with a great deal of care and sensitivity, expressed concern about the notion

of a Trust for African American Museums, and considered the suggested structure of the board and oversight of the museum. Concluding this discussion, the Secretary noted that it is anticipated that the staff can develop a prospectus for national African American collections for the Regents' consideration at their September 1991 meeting. It was

> VOTED that the Board of Regents endorses in principle the April 1991 findings of the Advisory Committee for the African American Institutional Study and stands ready to support the establishment of a national African American museum on the Mall. Consistent with Smithsonian policies in establishing such museums, a necessary first step is the identification of core collections for it. Accordingly, the Board of Regents encourages the Secretary to commission such a study as soon as possible.

NATIONAL CENTER FOR BIOLOGICAL DIVERSITY

Following up on the Regents' discussion of global change and biodiversity at their February meeting, Smithsonian staff and consultants have been evaluating suggestions of alternative models for the establishment of a National Center for Biological Diversity: (1) a consortium which would have its center, in effect, outside the Smithsonian, although the Smithsonian would have a lead role, (2) a center established under the Smithsonian umbrella but outside of the Board of Regents, and (3) a center established as a bureau of the Smithsonian with generally independent responsibilities and with a board of directors which would be subject to the mandate of the Board of Regents. Noting a May 22, 1991, Congressional hearing on related legislation, the Regents expressed the view, and the Secretary agreed, that the Smithsonian position on the most desirable model should be taken by the Board of Regents at its next meeting, if possible. In the meanwhile, the Secretary and his staff will indicate to the Congress and other interested parties that the Board of Regents has not yet had a chance to consider fully the options available.

THE NATIONAL COLLECTIONS AND GEOGRAPHICAL DISPERSION OF SMITHSONIAN OPERATIONS: A PRELIMINARY DISCUSSION

The Secretary reported that, while a high level of public concern for the dispersion of Smithsonian activities did not emerge from the response to his March 1991 Smithsonian Magazine "Horizons" column, there was a preponderance of opinion that, over time, some kind of dispersion of Smithsonian activities would be desirable. In his view, it has been beneficial to recognize this issue and to begin to account for the great number of complexities which are inherent in it and which need to be carefully considered.

To approach meaningful policy discussion, two major tasks will be undertaken: first, the staff will prepare an exhaustive study of all the Smithsonian activities which are already serving people across the country and, indeed, overseas; secondly, the staff will collate the most significant ideas and types of suggestions which have surfaced internally and from around the country over the years. The staff is expecting to bring to the Regents at their next meeting a more detailed plan for a comprehensive study.

In discussion, the Regents observed that in the present fiscal climate it is highly unlikely that any significant new initiatives involving incremental increases in expenditures would gain support in the Congress, particularly if the real costs for the life of the project are articulated. It was suggested that the means might usefully be explored by which much of the Smithsonian can be linked with institutions through networks all across the country -- much as the National Museum of the American Indian has envisioned its role. Additionally, the Regents expressed an interest in considering a draft policy by which they might respond to an anticipated increase in the number of arts organizations, particularly museums, which are likely to experience severe fiscal hardships over the next several years.

EXTENSION OF THE NATIONAL AIR AND SPACE MUSEUM

The staff has reduced the scope of the Extension, restricting it to the National Air and Space Museum's immediate need to protect, preserve, and restore its collection and to provide public access to elements of it that are not now readily available. This facility of approximately 670,000 gross square feet can be built at an estimated cost of $162 million if construction begins by 1993. Such a facility would permit collections currently stored in sub-standard shelter at the Museum's Garber facility in Suitland, Maryland, and airplanes, space craft, and other artifacts kept outdoors at other sites to be safely housed in hangar-like structures built to museum standards. This will ensure the preservation of historically significant artifacts for future generations, while permitting access by present day scholars and the general public.

The Extension will provide restoration space capable of handling the largest artifacts in the collection in full view of visitors and will include modest amounts of space for educational activities, a theater, a museum shop and food service. These areas are essential in order for the Museum to generate support from local communities for building the Extension. In planning for the Extension, provision will be made for basic infrastructure should expansion in the next century be contemplated.

With the Regents' endorsement of these changes in plan, the House Appropriations Subcommittee on Interior will be asked to release its hold on the expenditure of available planning funds to permit the Institution's consultant to resume and complete work on the Dulles master plan and environmental impact statement, which will require about ten months. No further planning funds will be sought until 1993. It was

> VOTED that the Board of Regents concurs in the plan for a reduction in the scope of the Extension of the National Air and Space Museum to be located at Washington Dulles Airport and requests its Congressional members to introduce and support legislation authorizing appropriations for its detailed planning and design.

GUIDELINES FOR CORPORATE NAMING

Mr. Adams introduced draft guidelines for corporate naming with the thought that the Smithsonian will increasingly need to deal with the question of naming galleries and other facilities in recognition of corporate support if the Institution is to be successful in its pursuit of contributed support. In an extensive discussion, the Regents made several suggestions for further refinement of the draft guidelines, and the Secretary agreed to bring back to the September 1991 meeting of the Board of Regents a set of revised guidelines reflecting their discussion. The following motion was approved:

> VOTED that the Board of Regents endorses the recommended guidelines for its consideration of proposals to name Smithsonian facilities in recognition of significant corporate support, with the understanding that corporate names will not be affixed to Smithsonian facilities unless this provision is explicitly waived by the Board.

ADMINISTRATIVE SERVICE CENTER

The Secretary noted that the House Subcommittee on Public Buildings and Grounds, which had been examining the Institution's authority for the use of Federal funds for leasing, indicated recently that the Institution should seek specific authority for the appropriation of funds for the mortgage payments which would be applied toward outright ownership of the proposed Administrative Service Center. There is evidence that authorizing legislation will be favorably received and quickly enacted in the current session of the Congress. Because it is critical to the success of this project to seek and secure authorization as soon as possible, the following motion was approved:

> VOTED that the Board of Regents, in recognition of the need for Congressional authorization for the use of Federal funds in the financing of the new Administrative Service Center, authorizes the Secretary to draft a bill to that effect. The Board of Regents also authorizes the Executive Committee to approve such a bill on behalf of the Board and to request the Congressional members of the Board to introduce and support it in the House and Senate.

REGENTS' DINNER

The traditional Regents' dinner was held on the previous evening, Sunday, May 5, 1991, in the American Art and Portrait Gallery Building. Among the special guests of the evening were many members of the boards or commissions of the National Museum of American Art, the National Portrait Gallery, and the Archives of American Art. The cocktail reception was held in the National Museum of American Art, the dinner was held in the Great Hall of the National Portrait Gallery, and a concluding dessert buffet and reception was held in the National Portrait Gallery's exhibition, "Annie Leibovitz Photographs, 1970-1990." Speakers included Secretary Adams, Director of the National Museum of American Art Elizabeth Broun, and Director of the National

Portrait Gallery Alan Fern. Before and after dinner the guests were invited to visit the following exhibitions:

In the National Museum of American Art:

"The West as America: Reinterpreting Images of the Frontier"
"Winslow Homer in the 1890's: Prout's Neck Observed"

In the National Portrait Gallery:

"Magical Mixtures: Marisol Portrait Sculpture"
"Annie Leibovitz Photographs, 1970-1990"

NEXT MEETINGS

Meeting of the Executive Committee... Monday, September 9, 1991, noon
Regents' Dinner..... Sunday, September 15, 1991, 7:00 p.m.
Meeting of the Board of Regents..... Monday, September 16, 1991, 9:00 a.m.

SMITHSONIAN INSTITUTION

PROCEEDINGS OF THE BOARD OF REGENTS

The Silvio O. Conte Memorial Meeting

MAY 6, 1991

ATTENDANCE

The meeting of the Board of Regents was held in the Regents' Room of the Smithsonian Institution Building and was called to order by the Chancellor at 9:00 a.m. on Monday, May 6, 1991. Present were:

Chief Justice William H. Rehnquist, Chancellor
Senator James R. Sasser
Congressman Norman Y. Mineta
Congressman Jamie L. Whitten
Honorable David C. Acheson
Dr. William G. Bowen
Mrs. Jeannine S. Clark
Mr. Samuel C. Johnson
Professor I. Michael Heyman
Mr. Barnabas McHenry
Dr. Homer A. Neal
Honorable R. James Woolsey

Unable to attend were: Vice President Quayle, Senators Garn and Moynihan, Mrs. Armstrong and Mrs. Wray.

Also present were: Secretary Robert McC. Adams, Under Secretary Carmen E. Turner, Assistant Secretaries Nancy D. Suttenfield, Tom L. Freudenheim, Robert S. Hoffmann, Thomas E. Lovejoy, Alice G. Burnette; Acting Assistant Secretary James C. Early; Acting Treasurer Rick R. Johnson; General Counsel Peter G. Powers; Director of Government Relations Margaret C. Gaynor; Executive Assistant to the Secretary James M. Hobbins; Senior Advisor to the Secretary John F. Jameson; Acting Deputy Assistant Secretary for Museums Claudine Brown; Administrative Assistant to the Chief Justice Lawrence H. Averill, Jr.; Deputy Counselor to the Vice President Llewelyn M. Fischer; L. Reid Ivins, Assistant to Senator Garn; John Callahan, Assistant to Senator Sasser; John Baughman, Assistant to Senator Moynihan; Frederick G. Mohrman, Assistant to Congressman Whitten; and Tim Newell, Assistant to Congressman Mineta.

TRIBUTE TO REGENT SILVIO O. CONTE

The Chancellor noted that Silvio O. Conte, Congressman from the First District of Massachusetts since 1959 and Regent of the Smithsonian since 1979, died on February 8, 1991. He read the following resolution, which was unanimously adopted:

> RESOLVED that the Board of Regents of the Smithsonian Institution has received with profound sorrow the news of Congressman Silvio O. Conte's untimely death on February 8, 1991. The Regents express their heartfelt sympathy to Mrs. Conte and the Conte family but cannot adequately convey their deep sense of loss which the Institution, the Nation, and the world have sustained in the passing of this extraordinary statesman, member of the Congress for 32 years, and member of the Board of Regents for 12 years. With all his consuming responsibilities in the Congress and in the Commonwealth of Massachusetts, he always maintained an active interest in the many facets of the Smithsonian and never overlooked an opportunity to represent them to best advantage.
>
> The Regents here record their great debt and heartfelt gratitude to Silvio O. Conte for his wise counsel and unfailing dedication to the best interests of the Institution. Like his service to our country and to all mankind, his contributions to the "increase and diffusion of knowledge" at this Institution are indelibly inscribed in the annals of its history. He will be sorely missed, but never forgotten.

It was noted that this resolution will be printed in handsome calligraphy and presented to Mrs. Conte.

CONSIDERATION OF THE PROPOSED CONSENT AND INFORMATION AGENDA

The Chancellor directed the Regents' attention to the materials which had been circulated in advance of this meeting under the heading of the "Proposed Consent and Information Agenda" (those given below through p. 67) and invited comments from those present. Dr. Bowen's remarks with respect to the proposed Board of Trustees of the Cooper-Hewitt Museum are given below under that title. Each of the following motions were adopted en bloc.

MINUTES OF THE MEETING OF FEBRUARY 4, 1991

VOTED that the Board of Regents approves the Minutes of the meeting of February 4, 1991, as previously circulated on February 27, 1991.

* * * * *

Draft minutes of the February 4, 1991 meeting of the Board of Regents were forwarded to members of the Board of Regents, the chairmen and ranking minority members of cognizant committees in the Congress, and the Director of the Office of Management and Budget on February 27, 1991. As no changes to the draft have been proposed, the following motion is suggested:

VOTED that the Board of Regents approves the Minutes of the meeting of February 4, 1991, as previously circulated on February 27, 1991.

REPORT OF THE EXECUTIVE COMMITTEE

The Executive Committee of the Board of Regents met at noon, Thursday, April 25, 1991, in the Ladies' Dining Room of the Supreme Court. Present were:

William H. Rehnquist, Chancellor
David C. Acheson, Chairman
Samuel C. Johnson

Also present were: Secretary Robert McC. Adams, Under Secretary Carmen E. Turner, Assistant Secretary for Finance and Administration Nancy D. Suttenfield, Executive Assistant to the Secretary James M. Hobbins, and Administrative Assistant to the Chief Justice Lawrence H. Averill, Jr.

The Committee reviewed the proposed agenda for the May 6, 1991, meeting of the Board of Regents and observed that, with the amplifications below, the agenda papers reflect the Committee's views.

The Committee received a report on two new bank accounts which have been opened in Washington to facilitate cash management and another account in Chicago which was terminated due to limited activity. In addition, the Committee considered proposals for two matters of special urgency; these proposals are presented in full at the end of this report. In discussion, the Committee expressed the view that international sources of financing for the Administrative Service Center should not be disqualified in that the project is not subject to the "Buy America" act. The following motions were approved:

VOTED that the Executive Committee, acting on behalf of the Board of Regents, authorizes the Secretary to negotiate the most favorable terms for the purchase of warehouse space for the Smithsonian Museum Shops, based on the foregoing analysis.

VOTED that the Executive Committee of the Board of Regents authorizes the Secretary to complete negotiations and award contracts for the financing, land acquisition, and design, construction, and equipping of the Administrative Service Center.

Secretary Adams and Under Secretary Turner reported on a hearing held earlier in the day before the House Public Works and Transportation Committee's Subcommittee on Public Buildings and Grounds which focused on the Institution's standing authority for the receipt of appropriated funds for leases of facilities. They indicated that the exchange had been useful and that a new understanding with the Committee is likely to emerge.

The Secretary mentioned a number of items which he will report on in greater detail as part of his Secretary's Report at the May 6 meeting of the Board. These included discussions between officials of the Smithsonian and the U.S. Park Service regarding the site of the annual Festival of American Folklife, the status of planning for the Smithsonian's use of the Old General Post Office Building, Dr. Richard Mitchell's indemnification, National Museum of the American Indian issues of repatriation and the renovation of the space for the Heye Center in the U.S. Custom House in New York City, the "Exposure Draft" of the Financial Accounting Standards Board requiring, in part, the capitalization of museum collections, and revised procedures for the Personnel Committee's review of top administrators' annual statements of financial interests.

The Committee held an extensive discussion of the proposal to establish a national African American museum in the Arts and Industries Building. In the Committee's view, the proposal is appealing in principle but an important missing piece is a factual analysis of the availability of collections which can be amassed, without damage to existing museums, to form the core of the new national museum.

The meeting of the Executive Committee was adjourned at 1:20 p.m.

* * * * *

ACQUIRING THE ADMINISTRATIVE SERVICE CENTER

The purpose of this agenda item is to inform the Executive Committee of the Board of Regents of the status of acquisition of an Administrative Service Center and to obtain approval to enter into contracts for its financing and construction. This new building will replace a leased property on North Capitol Street and provide a fully adequate amount of special purpose, light industrial, warehouse and administrative space to provide support to Smithsonian activities mostly located in the Washington, D.C., area. At its January 30, 1989 meeting, the Board of Regents authorized the Secretary to continue investigations that would enable the Institution to acquire, with approval of the Executive Committee, replacement facilities for its support needs. Also at the January 1989 meeting, the Board approved up to $10 million in working capital funds to be invested in the project. Subsequently, at their February 4, 1991 meeting, the Regents concurred in the Institution's borrowing of up to $60 million to provide principal financing of the project. The Board recognized the value of ownership and very substantial cost savings

as compared to a thirty-year lease. It was understood that the Executive Committee of the Board would approve the financial transaction.

Starting with a widely-advertised Solicitation for Offers issued in March 1990, the Smithsonian has conducted a fully competitive procurement process to identify a site and its developer for the new Administrative Service Center. While this will be a Trust-fund procurement, the process of selection has been fully consistent with Federal procurement regulations. That process has included a thorough examination of the eleven proposals received, a separate interview with each of the three developers meeting all essential criteria, subsequent requests for additional information and clarification, and a second and final interview of those finalists before best and final offers. A request for best and final offers has been issued to each of the three finalists. Their offers will be rated and ranked and a selection made in early May. In a similar competitive process, proposals to provide conventional mortgage financing were sought from 36 national and international organizations, including minority-owned establishments. Evaluations and interviews will be completed later in April at which time a request for best and final offers will be sent to those establishments ranking highest. A selection is anticipated in early May.

In a companion effort, at the request of Sidney R. Yates, Chairman, Subcommittee on Interior and Related Agencies, House Committee on Appropriations, the question of authority for this acquisition was raised by the Institution in early February with the House Committee on Public Works and Transportation and the Senate Committee on Rules and Administration. A hearing on this and other matters related to space is scheduled April 25 before the House Subcommittee on Buildings and Grounds. Favorable action by the Committees is expected. It is essential to award a design and build contract by mid-May to maximize the prospect of substantial building completion by October 1, 1992, with partial beneficial occupancy prior to that date. The Institution's lease at North Capitol Street expires on September 30, 1992.

Based on information presently available to the Institution, the costs of land acquisition and the design, construction and equipping of the building contract will not exceed $60 million. Mortgage funds can be obtained at an interest rate of eight to nine percent. On this basis, the average annual mortgage payment will be in the range of $4.5 million to $5.5 million over thirty-years. Federal and Trust fund payments for what would otherwise be commercial leases will be paid into a cost center and from there used to retire the mortgage.

Depending on the site selected, its convenience to the Mall and the ability to relocate certain administrative units now in leased spaces, to the new facility, funds in the amount of $1.3 million to $3.0 million are presently available to be applied to the annual mortgage cost. A further $1.0 million has been allowed by the Office of Management and Budget in the fiscal year 1992 budget. The balance of required funding will be sought in the fiscal year 1993 and future years' budgets. As noted in the agenda item for the February 1991 meeting, the purchase of this building rather than its leasing over a thirty-year period is estimated to save in excess of $50 million. Furthermore, once the mortgage is retired, available funds can be rebudgeted for other Institutional purposes. Operating costs for utilities,

maintenance and security are estimated at $3.2 million, of which $0.8 million is presently being spent at the North Capitol Street property. Additional funds required also will be sought in fiscal year 1993.

Based on this information and dependent on receiving favorable action by the Congressional Committees on the matter of authority, the Executive Committee is requested to authorize the Institution to proceed on this matter and the following motion is proposed:

> VOTED that the Executive Committee of the Board of Regents authorizes the Secretary to complete negotiations and award contracts for the financing, land acquisition, and design, construction and equipping of the Administrative Service Center.

MUSEUM SHOPS WAREHOUSE PURCHASE

The Director of the Museum Shops, the Business Manager, and the Acting Treasurer recommend purchasing rather than leasing space to meet Museum Shops warehouse needs.[1] They propose to use either a traditional mortgage or a portion of the Smithsonian working capital to finance the $3.9 million purchase price of a 100,000 square foot facility.

Historically, Business Management activities have leased space to meet warehouse needs. It is felt that the Smithsonian has not given adequate consideration of purchase options in the past. Taking advantage of the Museum Shops' analysis of a move into less costly facilities, the Smithsonian negotiated a purchase option as part of the new lease agreement. That option is effective through November 1. However, if approval is given to purchase, it will be cost effective to exercise the option upon occupancy (estimated to be May 1, 1991) or as soon thereafter as practical.

The Museum Shops has determined that approximately 50,000 square feet would meet its needs. The new facility (owned by Riggs Bank and located in Springfield, Virginia) contains 100,000 square feet. However, there is already a tenant in place for the additional 50,000 square feet (General Services Administration) with a five-year lease and an option for one succeeding five-year period. A good purchase price (resulting from the current weak real estate market), tenant revenue, and cost savings as a result of the Institution's tax status make this purchase very attractive.

A net present value analysis (discounted at 8%) covering 20 years shows the purchase option to be one-fifth as costly as the lease option ($0.7 million versus $3.5 million). Actual benefits may even be better, as

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[1] It should be noted that this warehouse bears no relation to the Mail Order warehouse needs being studied with respect to relocation to West Virginia. The Museum Shop warehouse is required to be located within a few minutes of the Mall shops in order to adequately serve them.

conservative assumptions were used to develop this analysis. The analysis assumes a 9⅛% financing rate over 20 years, a 3% rate in tenant rental escalation and no appreciation in property value.

Further, a cash flow analysis shows that, under the purchase option, net outflows would be $4.3 million which would be offset by ownership of a $3.9 million facility. Under the lease option, outflows would be $7.6 million with no ownership value to offset it.

There is some risk in retaining a tenant. However, it is deemed minimal. Further, it is possible the space would be needed for Museum Shop expansion or other Smithsonian needs at some point in the future.

In summary, there are substantial economic advantages of the purchase option. The risks and disadvantages of this option are viewed as minimal. The Executive Committee of the Board of Regents is asked to approve the purchase option for the Museum Shops warehouse in Springfield, Virginia, and the following motion is suggested:

> VOTED that the Executive Committee, acting on behalf of the Board of Regents, authorizes the Secretary to negotiate the most favorable terms for the purchase of warehouse space for the Smithsonian Museum Shops, based on the foregoing analysis.

REPORT OF THE AUDIT AND REVIEW COMMITTEE

The Audit and Review Committee of the Board of Regents met on Monday, April 22, 1991, in the Library of the Woodrow Wilson International Center for Scholars. Mr. Acheson called the meeting to order at 8:00 a.m. Present were:

David C. Acheson, Chairman
Jeannine S. Clark
Robert B. Morgan

Also present were: Secretary Robert McC. Adams; Under Secretary Carmen E. Turner; Assistant Secretary for Finance and Administration Nancy D. Suttenfield; Executive Assistant to the Secretary James M. Hobbins; General Counsel Peter G. Powers; Acting Treasurer Rick R. Johnson; Inspector General Thomas D. Blair; Comptroller Shireen Dodson; Acting Director of the Office of the Assistant Treasurer for Financial Management and Planning John J. Wilson; Assistant to Senator Garn, L. Reid Ivins; Engagement Partner John F. Silton, Concurring Partner A. William Mann, Engagement Manager A. Robert Bloom, Consulting Partner, Data Processing and Systems, John R. Cherbini, and Engagement Manager, Smithsonian Accounting System Project, Therésè Morin, all of Coopers & Lybrand.

After introducing his colleagues from Coopers & Lybrand, Mr. Silton gave the Committee an overview of their audit of the Smithsonian's fiscal year 1990 statements of financial activities. He noted that Coopers & Lybrand had given the consolidated statements of Federal and Trust fund activities an unqualified opinion and indicated that there were no major weaknesses in internal controls. Mr. Silton and Mr. Bloom mentioned highlights of Coopers &

Lybrand's Report to Management for the year, noting especially the continuing need to strengthen central management of certain financial and administrative functions as bureaus and offices of the Institution increasingly engage in entrepreneurial activities. The Committee felt that management should be held accountable for the implementation of the recommendations of the independent auditors. After pointing out that Coopers & Lybrand had repeatedly found minor but persistent sloppiness in handling of cash and inattention to the need for regular reconciliation with central records, the Committee suggested that the administration should require high standards for cash management and internal controls in appraising the performance of responsible officials and staff of the Institution.

Concluding his presentation, Mr. Silton pointed out for the Committee the major elements of Coopers & Lybrand's audit plan for fiscal year 1991, including their statement of work, their engagement letter, their engagement team, the estimated allocation of planned audit hours, and a brief description of certain major audit procedures. He emphasized that their audit work will closely resemble that of the past year, though the types of special, non-recurring reviews and services will necessarily differ.

Mr. Mann briefed the Committee on the recent "Exposure Draft" from the Financial Accounting Standards Board which would mandate the capitalization of all museums' historical treasures and works of art. He noted that, in working with Ms. Dodson as well as her counterparts in other museums, a strong sense has emerged that the capitalization of museum collections would not provide any meaningful data for the readers of annual statements and that it would be both extremely impractical and extraordinarily expensive to implement. In discussion, the Committee, Mr. Mann, and Smithsonian staff explored the degrees of impossibility and irrelevance of the task in all respects and endorsed the vigorous representation of that position before the Financial Accounting Standards Board.

Mr. Blair summarized the draft semi-annual report of the Smithsonian's Inspector General for the period ending March 31, 1991. He noted that during the last six months the Office of the Inspector General issued 8 internal audit reports, 7 external (or contract) audit reports, and 43 investigative reports. Significant findings included $50,000 recommended for better use, $68,420 in questioned costs of a contract, and recommendations for improvements in employee briefings on the standards of conduct and in the administration of the program under which selected employees file annual statements of their financial interests. In discussion with Mr. Blair the Committee suggested that the Inspector General should audit staff follow-up to suggestions made by Coopers & Lybrand in their Report to Management, as well as staff follow-up to internal audit recommendations. The Committee also noted that internal controls are and ought to continue to be a priority in the audits and investigations of the Inspector General.

Mrs. Suttenfield gave the Committee an overview on recent progress toward implementing a new, modern financial management system at the Smithsonian, a report on which has been prepared for the May 6, 1991, agenda for the Board of Regents. Following recommendations of a consultant who specializes in large, complex automation projects like this one, Mrs. Suttenfield appointed Mr. Johnson as project director to provide stronger, more attentive policy direction, appointed Mr. Wilson as a full-time project

leader, incorporated realistic assessments of shakedown considerations and impacts on users into planning, constituted a formal team for the first implementation phase with representation from various finance, succeeded in encouraging bureau participation and adoption of the implementation process, and drafted a vision statement as a long-term incentive and measuring stick for progress in implementation.

Mrs. Suttenfield reported that progress on the project has been considerable. The Labor Accounting System on the mainframe computer and the Personnel Cost Projection System on bureau-based personal computers have been put into production, a limited test version of the general ledger system is being developed for current-year data and new coding conventions of four "pilot" bureaus, and a "Functional Description" has been written to describe the major objectives for and features of the new system and its various major phases through complete implementation. Mrs. Suttenfield pointed out that the staff now faces a major decision about the best approach to actual implementation of the Walker general ledger and a new account code structure; she added that she will be seeking the guidance of the consultant. In discussion with the Committee, Mrs. Suttenfield noted that, under either approach, full implementation of the general ledger system will occur in the coming fiscal year. Reflecting discussion at its meeting of October 1, 1990, the Committee expressed its appreciation for the efforts which have led to the enthusiasm on the part of bureau staff for implementation of this new system.

The Committee inquired whether there had been any response from the General Accounting Office to the questions which the Smithsonian posed on the indemnification of Dr. Mitchell. Mr. Powers replied that his recent conversation with officials of the General Accounting Office indicated that an opinion might be expected in May.

The meeting of the Committee was adjourned at approximately 9:35 a.m.

REPORT OF THE INVESTMENT POLICY COMMITTEE

VOTED that the Board of Regents accepts the Report of the Investment Policy Committee and approves for fiscal year 1992 a total return income payout rate of $12.50 per share for all endowment funds.

* * * * *

The Spring meeting of the Investment Policy Committee was convened at the Smithsonian Castle in Washington on April 2, 1991 at 9:30 a.m. Committee members present were Barnabas McHenry, Chairman; Jane Mack Gould; John English; Thomas Keresey; and Charles Mott. Also present were Carmen Turner, Under Secretary; Nancy Suttenfield, Assistant Secretary for Finance and Administration; Rick Johnson, Acting Treasurer; John Wilson, Acting Director of Financial Management and Planning; Adele Bock, Director, Investment Management Division; and Debra Winstead, Assistant Director, Investment Management Division, who prepared these minutes.

I. Social Responsibility in Investing

The meeting began with a discussion of social responsibility in investing, especially with regard to environmental issues. The Committee expressed the need to make financially sound investment decisions. Staff were asked to develop a position paper for discussion at the next meeting. The Committee expressed interest in obtaining input on the issue from Tom Lovejoy and Cambridge Associates.

II. Financial Status

Nancy Suttenfield reviewed the current overall financial status of the Institution with the Committee members. Smithsonian endowment funds have passed the $300 million threshold. However, the museums in general are feeling the effects of the recession. Awards programs have been reduced to balance the budget. Lower museum visitation could lead to possible additional reductions in the awards programs. Last summer the endowment fund-raising campaign was canceled. The Committee feels that endowment fund-raising efforts should not be abandoned.

III. Securities Lending

Debra Winstead presented Manufacturers Hanover Trust's proposal to use endowment securities in a securities lending program. After full discussion, the proposal was rejected.

IV. Total Return Payout

The proposal to increase the total return payout for fiscal year 1992 to $12.50 per share was approved.[2] The following proposal will be put forth for Regents' approval at their May meeting:

> VOTED that the Board of Regents accepts the Report of the Investment Policy Committee and approves for fiscal year 1992 a total return income payout rate of $12.50 per share for all endowment funds.

V. Miller, Anderson & Sherrerd

Dean Williams and Jim Kichline reviewed the guidelines, objectives, and limitations of the portfolio at Miller, Anderson & Sherrerd. Since December, MA&S has increased equity to about 50% of the portfolio, compared to approximately 60% for their other balanced accounts. MA&S projects declines in inflation and interest rates. Their technical indicators give neutral readings, but they feel stocks are slightly more attractive than bonds.

VI. Fiduciary Trust

Anne Tatlock and Mike Materasso discussed the portfolio managed by Fiduciary Trust International. Fiduciary does not expect a robust economic recovery but does expect the stock market to continue to do well. The

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[2] See the proposal in the appended pages for further information.

portfolio has about 55% allocated to equities, in line with Fiduciary's overall 55-58% exposure for balanced accounts. They expect interest rates to decline. Small cap growth stocks are attractive now.

VII. Minority Equity Trust

Angela Prestia, Ken Powell, and Sandra Manzke spoke about our new investment in The Minority Equity Trust. For the first two months of 1991, the portfolio is up 17.5%. The trust did not fund Amerindo due to problems with its fund registration and Amerindo's reluctance to provide a separately managed account for MET. First Capital may replace Amerindo in the trust. The Committee requested periodic lists of all securities held in the trust.

VIII. Wellington Trust

Sandy Greene and Jonathan Payson are assuming the cycle of small company outperformance will continue. The OTC Fund has underperformed the bench marks, but the fund's performance is catching up as smaller company stocks are participating in the upturn.

IX. Calvert-Ariel

John Rogers and Dorice Wright discussed the Calvert-Ariel Growth fund. Calvert is near its self-imposed maximum client load of 50 and is expanding its research department. Calvert tends to outperform in down markets due to its value orientation. It specializes in small-cap to medium-cap companies with low volatility. Due to the liquidity problems in the markets they invest in, they spend more time than the average investor on trading.

X. Asset Allocation

The Committee asked staff to confirm with Fiduciary and MA&S that the current asset allocation guidelines require them to maintain an equity position of not less than 45% nor more than 70% of the total portfolio.

XI. Wrap-up

The Committee is satisfied with the current investment managers of the Smithsonian endowment funds and wish to maintain the status quo. The Chairman thanked the Committee members for their participation. He stated that the next regular meeting would convene in October 1991. Mr. English offered the board room at the Ford Foundation in New York for the next meeting place. Whereupon the meeting was adjourned at 1 p.m.

SMITHSONIAN INSTITUTION
Office of the Assistant Secretary for Finance and Administration SI 230 (202)-357-4610 Fax (202)-786-2758

MEMORANDUM **March 12, 1991**

TO: Members of the Investment Policy Committee

FROM: Nancy D. Suttenfield, Assistant Secretary
Office of Finance and Administration

SUBJECT: Total Return Payout Recommended for Fiscal Year 1992

The Institution utilizes the "total return" approach to investment management of endowment funds and quasi-endowment funds (monies designated by the Regents rather than the donors as endowment). Under this approach, the total investment return is considered to include realized and unrealized gains/losses in addition to interest and dividends. Following this approach, it is the Institution's policy to provide, as available for current expenditures, a payout that considers such factors as, but not limited to:

(1) 4-1/2% of the five-year average of the market value (MV) of each fund adjusted for gifts and transfers during this period;

(2) current dividend and interest yield;

(3) support needs for bureaus and scientists; and

(4) inflationary factors as measured by the Consumer Price Index.

Each individual fund within the consolidated Endowment Fund purchases shares, as in a mutual fund and receives the applicable payout rate per share. In recent years, there has been a steady gain in the monies available for current expenditures, referred to as the payout per share. A recap of annual per share payout amounts follows:

	Fiscal Year	Per Share Payout	% Increase Over Prev. Yr	CPI % Change	% of 5-yr Avg. of MV
	1987	$ 9.29	12.0	+4.4	5
	1988	9.48	2.0	+4.1	4.5
	1989	9.81	3.5	+4.0	4
	1990	10.20	4.0	+6.3	4
	1991	11.37	11.5	+4.3E	4
*	1992	12.50	9.9	+3.9E	4.16

*Recommended

051-91.MEM

Staff proposes for the Committee's approval applying a 4.16% fixed rate of return of the five-year average per share value for Fiscal Year 1991. The result would be a per share payout of $12.50. The payout, totaling $10,496,000, would be fully covered by anticipated dividends and interest; approximately $1,994,000 in remaining dividends and interest would be reinvested in the Fund. The proposed rate represents an increase of 9.9% over the FY 1991 payout rate of $11.37 per share. This increase, although somewhat lower, is consistent with the somewhat lower inflation rate projected for FY 1992. You will note that the fixed rate of return at 4.16% is somewhat higher than last year in order to accommodate an increase in the payout rate approximating that of last year.

Trust fund income projections are down and have the potential to drop further if the economy fails to rebound. The major endowment fund raising campaign under discussion last year will not be launched in the foreseeable future, and it is also probable the annual $3.0 million transfer to endowment will be reduced by $475,000 (part of the original $1.4 million approved by the Regents last September to meet needs of the Office of Development). Given the continued uncertainties in the political and economic arenas, the recent surge in the stock market appears not in and of itself sufficient to warrant a change from a conservative approach to endowment spending.

The recommended rate attempts to provide some growth in excess of inflation to operating funds, where there is a real need given continuing shortfalls in other operating funds. At the same time, it is conservative enough to promote growth in endowment principal and consequently future payout rates.

In summary, staff recommends a 4.16% rate of return for fiscal 1992, which results in a 9.9% increase in fund income versus that of fiscal 1991, while allowing for the projected reinvestment of $1,994,000 in interest and dividends. The Committee's comments on this matter are most welcome. If the Committee concurs with the recommendation, the following resolution will be put forth for Regents' approval at their May meeting:

> VOTED that the Board of Regents accepts the Report of the Investment Policy Committee and approves for fiscal year 1992 a total return income payout rate of $12.50 per share for all endowment funds.

REPORT 1
(using "5 year average")

SMITHSONIAN INSTITUTION
FY 1992 TOTAL RETURN INCOME PAYOUT RECOMMENDATION (using "5 year average")

Payout Rate/Unit	FY 1988	FY 1989 3.5% inc. over 1988	FY 1990 4% Increase	FY 1991 4% Formula	FY 1992 4. 16% Formula	4% Formula	4 1/2% Formula	5% Formula	No Change	4% Increase	4.5% Increase	5% Increase
Actual - To Units	9.48	9.81	10.20	11.37	12.50	12.01	13.52	15.02	11.37	11.83	11.88	11.94
-For investment managers	1.22	1.24	1.38	1.13	1.19	1.19	1.19	1.19	1.19	1.19	1.19	1.19
	10.69	11.05	11.58	12.50	13.69	13.21	14.71	16.21	12.56	13.02	13.07	13.13
Dividend & Interest Yield/Unit	13.43	16.22	15.96	16.06	16.06	16.06	16.06	16.06	16.06	16.06	16.06	16.06
-Total Amount ($1,000's)	9,716	12,496	12,709	13,108	13,490	13,490	13,490	13,490	13,490	13,490	13,490	13,490
Amount Reinvested in Principal												
-Per Unit	2.54	5.17	4.37	3.56	2.37	2.85	1.35	(0.15)	3.50	3.04	2.99	2.93
-Total Amount ($1,000's)	1,959	3,982	3,483	2,905	1,994	2,397	1,136	(126)	2,939	2,557	2,509	2,461
Distributions: ($1,000"s)												
-To Freer	1,447	1,469	1,539	1,757	1,987	1,911	2,150	2,388	1,808	1,881	1,890	1,899
-To Other Restr'd Funds	2,251	2,645	2,864	3,271	3,700	3,557	4,002	4,447	3,366	3,501	3,518	3,535
-To Unrestricted Funds	3,175	3,447	3,723	4,252	4,809	4,624	5,202	5,780	4,376	4,551	4,573	4,595
Total to Beneficiaries	6,874	7,561	8,126	9,280	10,496	10,092	11,354	12,615	9,551	9,933	9,981	10,029
Investment Managers Fees	883	953	1,100	923	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total Distributed	7,757	8,514	9,226	10,203	11,496	11,092	12,354	13,615	10,551	10,933	10,981	11,029
Total distributed	7,757	8,514	9,226	$10,203	$11,496	$11,092	$12,354	$13,615	$10,551	$10,933	$10,981	$11,029
Total reinvested	1,959	3,982	3,483	2,905	1,994	2,397	1,136	(126)	2,939	2,557	2,509	2,461
Total Amount	9,716	12,496	12,709	13,108	13,490	13,490	13,490	13,490	13,490	13,490	13,490	13,490

SITE SELECTION FOR THE SUBMILLIMETER TELESCOPE ARRAY

VOTED that the Secretary and the Director of the Smithsonian Astrophysical Observatory are authorized to negotiate with the University of Hawaii to site the SAO submillimeter array of telescopes on Mauna Kea, Hawaii.

* * * * *

As the Regents will recall, the Smithsonian Astrophysical Observatory (SAO) has been developing the concept for a pioneering array of submillimeter telescopes since 1984 with the support of the Administration and Congress. During the past several years, SAO staff, in cooperation with other scientists, have been investigating relative observational advantages of the two principal sites, Mount Graham in Arizona and Mauna Kea in Hawaii.

The results of the site testing have been recently summarized in a report on site selection which was presented to SAO's external Scientific and Technical Advisory Group. This group is composed of 15 outstanding radio astronomers from Europe, Japan, and the United States, including one member each from the universities of Arizona and Hawaii. The group met in Cambridge, January 9-11, 1991, to review the design of the submillimeter array and the site testing information in order to provide a recommendation to the SAO Director on placement of the array; it was unanimous in recommending that the Smithsonian begin negotiations as soon as possible with the University of Hawaii to site the array on Mauna Kea in Hawaii. Irwin Shapiro, SAO Director, has recently received the group's written recommendations, and he and the SAO staff concur with the choice of Mauna Kea. He has shared with Assistant Secretary for Research Hoffmann the relevant pages of this report dealing with site selection (for which, see below) and, after review, Dr. Hoffmann too has concurred in this judgment.

Formal authorization to proceed in negotiating with the University of Hawaii for the siting of the submillimeter array of telescopes on Mauna Kea is now requested and the following motion is suggested:

VOTED that the Secretary and the Director of the Smithsonian Astrophysical Observatory are authorized to negotiate with the University of Hawaii to site the SAO submillimeter array of telescopes on Mauna Kea, Hawaii.

The report of the Scientific and Technical Advisory Group for the Submillimeter Array is copied below. See especially part III, Site Selection.

C O P Y

UNIVERSITY OF CALIFORNIA, BERKELEY

March 24, 1991

Dr. Irwin Shapiro
Harvard-Smithsonian Ctr. for Astrophys.
60 Garden St.
Cambridge, Mass 02138

Dear Irwin:

Enclosed find the report from the Scientific and Technical Advisory Group for the Submillimeter Array based on our meeting of January 9-11 in Cambridge. The Committee is excited about the project and felt that this meeting was very useful. It is also clear that the SAO is assembling an outstanding team to develop the project and that excellent progress is being made. We hope that our report and our discussions with your group in Cambridge are helpful. Thanks very much for your hospitality on our visit.

Best regards,

/s/

Wm. J. Welch
for the STAG

I. Introduction and Overview

The Scientific and Technical Advisory Group for the Submillimeter Array met in Cambridge at the SAO on January 9-11 to review the progress on design and construction of the Array. Committee members present included Dr. Reinhard Genzel from the MPI in Munich, Dr. Roger Hildebrand from the University of Chicago, Dr. Richard Hills from Cambridge university, Dr. William Hoffmann from the University of Arizona, Dr. Masato Ishiguro from the Nobeyama Observatory, Dr. A. R. Kerr from the NRAO, Dr. Peter Napier from the NRAO, Dr. T. G. Phillips from Caltech, Dr. N. Z. Scoville from Caltech, Dr. Paul Vanden Bout from the NRAO, Dr. Richard Wade from the JCMT, Dr. Wm. J. Welch from the University of California, Berkeley (Chairman), and Dr. Gareth Wynn-Williams from the University of Hawaii. The meeting lasted for approximately two and one half-days with two days for presentations and discussions and the half-day at the end for final deliberations of the committee and the delivery of summary comments and recommendations to the Observatory.

The Committee was impressed with the amount of effort that had been put into the project since the previous STAG meeting 16 months before. Some evidence of this work is the more than 40 internal memos. In addition, the Committee received the preliminary draft of the Design Study document in advance of the meeting and so were aware of the status of the planning before the presentations.

Several areas which occupied a number of paragraphs of the previous committee report are now either better developed or are not controversial. The investigation of the potential problems with the electronics other than the front end receivers shows that there are in principle few problems. A two GHz IF band is practical and will permit dual polarization, good continuum sensitivity, and adequate velocity coverage for spectroscopic studies of galaxies at the shortest wavelengths. Optical fiber will permit wideband transmission of the IF bands. Either optical fiber or coaxial cable can transmit the Local Oscillator reference signals. Available frequency standards are adequate for the phase lock circuits, so long as care is taken to use sufficient bandwidths in the lock loops.

The general design for the correlator looks good. The design will provide both high resolution for spectroscopy and wide bandwidth for good continuum sensitivity. This results from the choice of a relatively slow chip with time mutiplexing to achieve the wide bandwidth. Since this correlator

will do the continuum as well as the line observing, no additional wide bandwidth correlator is needed and therefore no separate delay system is needed. Whereas, the Committee had recommended a separate continuum correlator in its last report, we agree that the present design, with no separate continuum correlator, is a good solution. We again recommend that the actual construction be delayed as long as possible to be sure to have the latest digital technology available to the instrument. Note also that reliability is especially important here and the Mean Time Between Failures of the finally chosen chip must be small.

In the following paragraphs, we comment on the four areas of most concern in the view of the Committee: the science plan, the site selection, the antenna design, and the receiver development. In these discussions we also address general matters of staffing and budgets.

II. The Science Plan

Further detailed development of the science plan is necessary for the optimum choice of hardware and software specifications. The committee discussed in fairly general terms the three most urgent items: antennas, sites and receivers. However, for the more detailed specification of the antennas and array configurations, and for the optimum choice of the first receiver bands, compromises may have to be made in the next few months that require particular scientific trade-offs. The science case in the preliminary design draft is a little too unquantitative to help with these decisions.

Each of the scientific goals discussed in the preliminary design study needs to be filtered by the following kinds of questions:

(a) Will any specific scientific question be uniquely addressed by observations in the resolution range 0.3" - 3"?

(b) Can the question be answered only by observations in the 350-020 GHz frequency interval as opposed to the millimeter or infrared bands?

(c) Do a viable number of objects exist that have high enough surface brightness to be observed with good S/N in a reasonable time using the projected receivers (and necessary velocity resolution for line work)?

(d) Is polarization mapping really feasible given our low sensitivity limits? If so, which wavelength is the best one to build the receivers for, and is anything gained by measuring polarization at more than one wavelength?

Answers to such questions are going to be needed before the following kinds of design problems can be solved.

(a) What is the minimum different number of array configurations needed to achieve the scientific goals? How many pads do these require?

(b) What is the trade off between number of antennas and initial number of receiver bands?

(c) Will 500m baselines actually be usable beyond 345 GHz? The problems of atmospheric phase fluctuations are uncertain, but one can at least worry about sensitivity. If we eliminated some long baselines, the hill climbing specs might be relaxed, and some resources could be diverted to other parts of the project.

(d) Can any extragalactic line work be done beyond 345 GHz? If so, at what angular resolution will there be adequate sensitivity? If not, the need for the wide IF band widths is less critical.

(e) If the prospects for polarization are poor, we can simplify antenna design, and reconsider the need for dual channel receivers.

(f) What fraction of the important science is continuum? The answer to this question may shed light on whether there has to be a compromise on the effort devoted to the spectrometer and working on a second or third waveband.

(g) How is the array going to be used for the > 70% of the time when observations are not possible above 345 GHz? Are there survey-like projects that could be usefully undertaken, and if so, would they affect the design in some way.

(h) How important are solar observations, given that they are affected by antenna design?

In the receiver section below the committee suggests a possible starting receiver complement. However, the choice we posit is based more on our

intuition than on a quantitative discussion of the various options, a few of which are listed above, that must be worked out soon to specify the design.

III. Site Selection

The two principal sites under study are Mauna Kea in Hawaii and Mt. Graham in Arizona. Major considerations for the site are sub-millimeter transparency of the atmosphere (a function of the water vapor above the site and the atmospheric pressure) phase fluctuations in the transmission of signals through the atmosphere, air mass for observation of the inner galactic plane and timely availability of the site.

The water vapor data available to the SAO is presently more complete for Mauna Kea. It is based on measurements from the NRAO 225 GHz radiometer, correlations with long term radiosonde data, and the earlier Westphal survey. The Mt. Graham water vapor data is based on University of Arizona radiometry measurements and radiosonde data. It appears from a comparison of these data that the time available when the water vapor is less than 1.5mm, as needed for the shortest wavelength observing, is 1.5 times greater on Mauna Kea than on Mt. Graham. The ratio mainly is due to the fact that for a few months in the summer season Mt. Graham is not usable for sub-millimeter observations.

The most interesting new data regarding the effectiveness of high altitude sites for sub-millimeter interferometry come from the observations at Mauna Kea of atmospheric chase fluctuations of a satellite signal. Differential phase fluctuations due to the atmosphere were measured by the SAO group on a 100m baseline with an 11 GHz satellite as the source. The experiment was well planned and executed. Although only the first few months data are available, it is already clear that the atmospheric phase fluctuations are substantial. The somewhat surprising result is that the median phase fluctuations are roughly the same as they are at other lower altitude sites. There is also a strong diurnal effect, with the daytime fluctuations much larger. There are two further facts which emerge from all the data. The RMS differential phase fluctuations are generally lower on the driest days but otherwise do not correlate well with the average column of water vapor, and the phase RMS increases with approximately the 0.6 power of the antenna separation. The latter indicates that better resolution will be obtained at longer wavelengths. All of these facts underscore the premium placed on the nights that have the lowest water vapor. They argue that the array must be able to obtain complete observations in just one night or less. Phase fluctuation measurements have not been carried out on Mt. Graham.

Given the latitudes of Mauna Kea of +19.8° and Mt. Graham of +32.7°, the minimum air mass for observing the galactic center is 1.5 and 2.1 respectively, making interferometric observation of the galactic center considerably more practical for Mauna Kea than for Mt. Graham. ("air mass" is the slant path length through the atmosphere relative to the zenith overhead.)

Mauna Kea is a well established astronomical site with an accepted master plan and a reasonably clear process for array site development approval. Development of Mt. Graham for astronomy is just beginning and could involve greater uncertainty and delay in the approval process.

Based on this assessment, the committee recommends that the SAO select Mauna Kea as the site for the array. It is important that the SAO site be selected as soon as possible. Mauna Kea is well characterized, it appears to be a good site, and the SAO should plan to go there. The opacity seem to be better. Its lower latitude makes it a better choice. The approval of site appears likely. Because the time required for obtaining permission to use Mauna Kea could be longer than is currently anticipated, it is important that the SAO make the selection on its present timetable, in May, if not sooner.

A related issue is the scope of the space request in the Environmental Impact statement. The committee recommends the 500m (or an even smaller) maximum baseline plan presented at the meeting, without the steep slope. If the Array works well there and shows that longer baselines can be used successfully, then a further request could be made later. The longer baselines will come with a low density of outlying stations and will probably be approved later because they will have minimal environmental impact. On the other hand, requesting a space that goes substantially beyond the current "millimeter valley" at this time may unduly delay the process.

IV. The Antenna

The Committee was impressed with the amount of work that had gone into a preliminary design for the antenna. On the other hand, more work is needed before the design is well enough developed that it could be submitted for bids. The committee considers that the plan to go out for bid by this coming May is premature and recommends that it not be followed. The antenna should not be bid until a thorough analysis of all aspects of the design has been completed. This analysis is particularly important for any design features that have not been previously used on millimeter radio telescopes. The following lists both general and specific concerns about the current design.

The present antenna formulation shows some indication of inexperience in the design of precision radio telescopes with new solutions and risk where new solutions are not needed. (Have all the currently operating antennas been sufficiently studied with the possibility of scaling in mind?) In particular, some choices have been made on the basis of inappropriate constraints. Here are some particulars.

1. The weight is unbalanced on the elevation axis. This is an unconventional approach with both known and unknown problems. It heavily loads the elevation drive and produces an elevation dependent load on the elevation bearings, elevation drive, azimuth bearings, mount, and pad. Both pointing and path length stability will be harder to manage with this arrangement.

2. The three mirror Nasmyth makes polarimetry more risky and more difficult to calibrate. While it simplifies the receiver mounting, it is not obvious that this is necessary, since a closed cycle refrigerator will be used. This focal arrangement will have a higher background and a smaller field of view than, say, the Cassegrain focus. Note also that one of the disadvantages of operation at the Cassegrain focus, namely that instrumental phase must be regulated through flexing cables, is not solved by the proposed Nasmyth arrangement. The optics of the three mirror Nasmyth must be more fully evaluated.

3. The four meter azimuth bearing is costly and introduces a substantial stick-slid friction torque which may hamper precise tracking, especially with a linear servo loop.

4. A single mirror Nasmyth and a side instrument room might be a better choice. It would allow a less widely separated fork and smaller azimuth bearing. The wind effect can be offset by a second room or an independent drive on the room.

5. There were a number of concerns about the use of carbon fiber.

(a) Panels. The environment at Mauna Kea is severe with blowing lava grains and heavy ice build-up, and the antennas are exposed. CFRP panels may be too delicate as compared with aluminum. Since a Hexcel Panel will be available, it could be left outside at the site for a while to find out whether it will survive.

(b) Back-up structure. CFRP may be the best choice here where the material is protected from the environment, including the ultraviolet. Are the carbon fiber joints a new design? Invar joints have been tested and may be a safer choice.

(c) Mount. The calculations suggest that the IRAM 15m design, with a steel mount, is satisfactory and is less expensive than a fully CFRP structure.

(d) General. The use of CFRP instead of steel throughout must be carefully justified, since its cost is high. An homologous steel antenna could be carried by a rubber tired transporter. It would be less expensive and perhaps permit the construction of more antennas within the budget.

6. The more traditional square-box design at the back of the reflector, as was used on the IRAM 30m antenna, may be a better choice than the design that was presented. The present design showed significant variation in astigmatism as a function of elevation.

7. Solar observing is an important scientific capability. Some means for making the panel surfaces rough on a small scale to scatter sunlight must be worked out for this to be possible.

8. The antenna set-down arrangement looks risky. Will the azimuth bearing be flexed? A three point suspension might be safer. It will also be harder to protect/clean the proposed set down arrangement compared with, say, a three point set-down arrangement.

9. Make the structure capable of holding a chopping secondary, even if one is not used at the outset. If one cannot chop at another focus, it may be the only way to get the total power for continuum observations.

Given a choice for the site for the Array, the possible array configurations there should be studied in more detail. Much of the observing will be done at baselines of only a few hundred meters or less. In view of that, it might be better if the array were placed closer to the existing submillimeter antennas. They might be more effective partners in array operations if they were closer to it rather than as more distant outliers. In addition, less steep grades may allow heavier antennas and a simpler transport system.

V. Receivers

The Committee was impressed that there has been progress in the development of receivers, even though the staffing for the effort is still well below what is needed for the project. The receiver development is the most difficult part of the project. There are many unknowns at the present time: what kind of refrigerator to use, what refrigerator temperature is necessary, what kind of SIS chip to use at the lower frequencies, how to build receivers at frequencies above 500 GHz. For these reasons, it is essential to build up the staff to the necessary level more rapidly than has so far been possible. Staffing needs include a machinist capable of working at the necessary machining accuracy. There is also a need for a cryogenics engineer, a microelectronics technician to fabricate junctions, a further experienced electronics technician, and a further receiver engineer.

The Committee is pleased to see that a test 230 GHz receiver is being constructed which will be used at the SEST telescope. If it is possible, it would be most useful if that receiver were installed in a cryostat such as may be used in the array. It could be a prototype. The refrigerator which was proposed, a four state system with two JT loops and 2K capability, may be more ambitious than is necessary. Since 4K may be adequate for SIS junctions using Nb and NbN, a 4K system may suffice. Note that the Nobeyama group has had excellent success with a high power 4K system available from Sumitomo at a very reasonable price. Such a system could be purchased, including the dewar, for early testing. It might turn out to be the final choice. An alternative refrigerator that should be investigated is the Gifford-McMahon system being developed by Mitsubishi. They have achieved moderate power and temperatures well below 4K.

In response to queries from the group, the Committee recommends the following start-up system: one cryostat per antenna with provision for 4-8 modular receivers but initially with just two receivers. Then provision should be made for (a) doubling the receivers for dual polarization, and (b) a technique for measuring Stoke's parameters one at a time. One receiver should be at 230 GHz for testing as well as scientific observations. Since this is to be a sub-millimeter array, the second receiver should be at as a high a frequency as can be put together in time for the initial completion of the array, perhaps 490 GHz.

The Committee feels that the above system is about the most that should be attempted for the initial array. Development of the remaining complement

of receivers must take place as an ongoing research and development project during the first years of actual operation. What receivers are actually built will depend on (a) what scientific directions are suggested by observations with the initial system, and (b) the results of the receiver development. This requires that the funding for the entire System be stretched out over a longer period than just up to the moment of the initial start-up.

Note that it will be necessary to have at least two complete back-up receiver systems if the array is to function reliably. There must be at least one at the site that can be installed quickly when there is a failure. There must also be one in the laboratory for further developments. Such back-up is especially important for a system which will be fielding such recently developed electronics.

The Committee suggests the following direction for SIS junction development. Since there are other groups that are much farther along in the development of chips for operation at the lower frequencies, up to 500 GHz, it will be most expeditious to support them, collaborate with them, or make whatever other arrangements are necessary to get the necessary chips from them. The SAG group should focus its attention on the higher frequency devices which are not at the moment being built by other groups. Note that other groups are working on the development of higher frequency chips, with promising recent results at 500 GHz, which argues strongly that the SAO group concentrate in this area. If, in a year or two, the SIS or SIN receivers are still unreachable for the higher frequencies (e.g. 800 GHz), it might be well to turn to Schottky diodes for the array, while continuing the research on the superconducting mixers.

In the course of developing the optics for the receiver, it is important to plan for the various calibrations that will be needed. This includes especially polarization calibration, since continuum polarization measurements appear to be an important application of the array. It also includes phase calibration at the shortest wavelengths. The usual phase calibrators at longer wavelengths, the compact radio sources, are faint at the shortest wavelengths. If, on the other hand, the array operates mostly at baselines of a couple of hundred meters or less, thermal sources, e. g., red giant stars and compact HII regions may suffice. There should also be provision for accurate and stable measurement of the system temperatures at the individual antennas for correction of the atmospheric phase fluctuations. It seems likely that this correction will work at some level, and the experimental verification should be available soon.

V. Staffing

A general comment on the project staffing is that it is important that those involved be able to spend much of their time on the project during its early developmental stages. It is laudable that many of the people involved are active astronomers. While the instrument is being planned and is in the early stages of development, it is important that the astronomers spend more of their time on the instrument. Once it is working, the scientific research which they will have the exclusive capability of doing with the novel instrument should be a strong reward.

One result of selecting the site as early as possible is that it will enable the personnel recruitment to begin for the site. Since this part of the team will begin to work in Cambridge, this recruitment will speed up the project.

Although there was little discussion at the meeting on the computers and software, it should be remembered that the real-time monitor and control system for the array will be a major task, and a start should be made on it now. The system will be particularly challenging because of the desire to operate the array at times as an unattended array.

RENAMING COOPER-HEWITT'S ADVISORY COUNCIL AS A BOARD OF TRUSTEES

As noted above in these minutes, Dr. Bowen expressed his special pleasure for this proposed action. He noted that the Cooper-Hewitt Museum needs the kind of support which a Board of Trustees of this type could offer. It was,

> VOTED that the Board of Regents renames the Cooper-Hewitt Advisory Council the "Cooper-Hewitt Board of Trustees," to reflect the group's full responsibilities and obligations to the Museum, and establishes the Board of Trustees under the Bylaws which were formerly adopted for the Advisory Council.

* * * * *

For the past several years, Dianne Pilgrim has been working to strengthen the management and infrastructure of the Cooper-Hewitt National Museum of Design. Initial steps include hiring new staff and obtaining new

Federal support for an education program. Further efforts to achieve full Federal funding parity, commensurate with other Smithsonian museums, will continue. Attention is now being turned to the purpose and function of the Advisory Council, which was established by Secretary Ripley in 1978. Although the group was established "...to advise on development and use of the collections, development of Museum services, and promotion and support of the Museum's activities," the actual function of the group has not been well understood.

Ms. Pilgrim has identified three types of people she would like to serve in an advisory capacity to the Museum. These people would represent individuals with personal means to contribute to the financial support of the Museum and/or help raise funds, those who can assist with strategy development and policy making, and others who will serve as a bridge between the Cooper-Hewitt and outside constituencies, such as community leaders in business, design, education, government, foundations, etc. Fund-raising assistance is especially important to the Museum, given the Cooper-Hewitt's need to raise more than 50% of its total operating budget each year from private sources. Given the competition for private funds both within the New York area, as well as nationally, it is increasingly important that the Museum have the assistance of dedicated individuals who can give or help raise the necessary funds.

The Smithsonian's Archives of American Art has been fortunate to have a very strong Board of Trustees whose members are required to give or raise a minimum of $5,000 per year. The Board serves in an advisory capacity to the Director of the Archives, the Secretary of the Smithsonian and the Board of Regents. The Cooper-Hewitt proposes to pattern its advisory group after the Archives' and would like to call the group the "Cooper-Hewitt Board of Trustees." The Cooper-Hewitt Board would serve as advisors to the Director of the Cooper-Hewitt, the Secretary of the Smithsonian Institution, and the Board of Regents and would be charged with giving or raising outright a certain amount of monies or soliciting in-kind gifts of a designated value each year. It is anticipated that the Cooper-Hewitt Board of Trustees will operate under the bylaws previously adopted by the Board of Regents for the Advisory Council.

Accordingly, the following motion is suggested for approval:

> VOTED that the Board of Regents renames the Cooper-Hewitt Advisory Council the "Cooper-Hewitt Board of Trustees," to reflect the group's full responsibilities and obligations to the Museum, and establishes the Board of Trustees under the Bylaws which were formerly adopted for the Advisory Council.

ANNUAL REPORT FOR FISCAL YEAR 1990

> VOTED that the Board of Regents accepts Smithsonian Year 1990, the annual report of the Secretary for fiscal year 1990.

* * * * *

There will be placed on the Regents' table at the May 6 meeting, if not distributed in advance of the meeting, the Smithsonian's annual report for fiscal year 1989, Smithsonian Year 1990. Once accepted by the Regents, the report will be mailed to members of the Congress, officials of the Administration, numerous other officials in Washington, the press, and a long list of Smithsonian friends and major donors throughout the nation; additional copies will be sent to local and national Depository Libraries (designated by the Government Printing Office), and others will be sent to museums, government agencies, and a wide variety of domestic and foreign institutions of learning. In all, approximately 5,000 copies will be distributed in print, and another 4,000 will be distributed in microfiche.

The following motion is proposed:

> VOTED that the Board of Regents accepts Smithsonian Year 1990, the annual report of the Secretary for fiscal year 1990.

LEGISLATIVE ACTIONS AND ISSUES

> VOTED that the Board of Regents requests its Congressional members to introduce and support legislation authorizing appropriations to acquire land at the Smithsonian Environmental Research Center and clarifying the availability of funding for the East Court construction project in fiscal years after 1991.

* * * * *

Smithsonian-sponsored Legislation

Regent Reappointment - Mr. Whitten and Mr. Mineta introduced H.J.Res.139 on February 27 to provide for the reappointment of Barnabas McHenry as a citizen regent. The measure was referred to the Committee on House Administration. No action has been undertaken in the Senate.

National Air and Space Museum Extension - S.289, introduced January 30 by Senator Garn, for himself and Senators Moynihan, Warner, Robb, and Glenn, authorizes the Smithsonian to plan and design an extension of the National Air and Space Museum at Washington Dulles International Airport and, effective October 1, 1991, authorizes the appropriation of $9 million for those purposes. The bill was referred to the Committee on Rules and Administration. The status of planning and its authorization for the Extension is discussed elsewhere in this agenda.

Land Acquisition at the Smithsonian Environmental Research Center and East Court Construction at the National Museum of Natural History - To further the action with respect to watershed protection at the Smithsonian Environmental Research Center taken by the Regents at their February 4, 1991 meeting, legislation authorizing the use of appropriated funds on a matching

basis with non-Federal resources to assist with land acquisition is required. Staff was recently alerted that Public Law 101-455, the authorization of appropriations for the design and construction of the East Court facility of the Natural History Building, was mistakenly limited to fiscal year 1991; an amendment P.L. 101-455 to extend that authorization is needed to complete this project as originally proposed. A draft bill for these purposes is provided at the end of this report.

The following motion is suggested:

> VOTED that the Board of Regents requests its Congressional members to introduce and support legislation authorizing appropriations to acquire land at the Smithsonian Environmental Research Center and clarifying the availability of funding for the East Court construction project in fiscal years after 1991.

Smithsonian-related Legislation

National Afro-American Memorial Museum - On February 28 Senator Simon (D-IL) introduced S.523 establishing the Museum within the Smithsonian; providing for its governance; creating within the Museum the National Trust for African-American Museums to develop programs to enhance the collection, conservation, and training practices for professionals within the African-American museum community; and establishing an affiliate program with museums and institutions to promote the exchange and coordination of activities and personnel.

The measure also authorizes the Board of Regents to provide for the Museum's design and construction on available Federal land in close proximity to the Mall; for the appropriation of $10 million for fiscal year 1991; and for necessary funds for succeeding fiscal years. The bill was referred to the Committee on Rules and Administration. A companion measure, H.R.1246, was introduced by John Lewis (D-GA) on March 5 and referred to the Committee on House Administration.

Issues relating to these bills and the planning of an African American institution at the Smithsonian are discussed elsewhere in this agenda.

National Museum of the American Indian Amendments Act - Senator Inouye (D-HI) introduced S.235 on January 17 to authorize additional positions for the American Indian Museum and to extend to the Smithsonian the same standards regarding the treatment and return of Native American human remains, funerary and sacred objects, and cultural patrimony provided for in the Native American Grave Protection and Repatriation Act approved by the President in November, 1990 (Public Law 101-601). The bill was referred to the Select Committee on Indian Affairs.

National Biological Diversity Conservation and Environmental Research Act - On January 14 Senator Moynihan introduced S.58 establishing a National Center for Biological Diversity and Conservation Research within the Smithsonian, in cooperation with the Environmental Protection Act, to serve as the focal point for research, data compilation, and dissemination of biodiversity information. The bill also would create an interagency working

committee to coordinate Federal conservation strategies, to establish a National Scientific Advisory Committee to oversee implementation of a national biodiversity conservation strategy, and to direct Federal entities to encourage international conservation. The measure was referred to the Committee on Environment and Public Works.

James Scheuer (D-NY) introduced H.R.585, a companion bill, on January 18; it was referred jointly to the Committees on Public Works and Transportation and Merchant Marine and Fisheries.

National Historic Preservation Act Amendments - On March 19 Senator Fowler (D-GA) introduced S.684 to reassert Federal leadership in historic preservation. *Section 9* directs the Secretary of Interior to consult with the Smithsonian, among others, in the development of preservation education programs. *Section 22* includes a Smithsonian representative on the Preservation Technology Board responsible for leadership, policy advice, and coordination and professional oversight of the National Park Service's National Center for Preservation Technology. The bill was referred to the Committee on Energy and Natural Resources.

H.R.1601, a companion measure, was introduced by Charles Bennett (D-FL) and referred to the Committee on Interior and Insular Affairs.

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D R A F T

A B I L L

To authorize the Board of Regents of the Smithsonian Institution to acquire land for watershed protection at the Smithsonian Environmental Research Center, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Board of Regents of the Smithsonian Institution is authorized to acquire land for watershed protection at the Smithsonian Environmental Research Center at Edgewater, Maryland.

Sec.2. (a) There is authorized to be appropriated to the Board of Regents of the Smithsonian Institution to carry out the purposes of this Act -

(1) $500,000 for fiscal year 1992; and

(2) such sums as may be necessary for each succeeding fiscal year: Provided, That all such sums shall be matched equally with funds from non-Federal sources.

(b) Funds appropriated under subsection (a) shall remain available without fiscal year limitation.

Sec.3. Section 2 of Public Law 101-455 is amended to read as follows:

"Effective October 1, 1990, there is authorized to be appropriated to the Smithsonian Institution not to exceed $30,000,000, to remain available until expended, to carry out the purposes of this Act."

FINANCIAL REPORT

VOTED that the Board of Regents approves the adjustments to the fiscal year 1991 budget of nonappropriated funds, as explained in the narrative and represented in Schedule D.

VOTED that the Board of Regents authorizes the Secretary to establish, as part of the Institution's Endowment funds, a quasi-restricted fund to be known as the Friends of Music Fund and to authorize the transfer of the restricted monies identified for this purpose.

* * * * *

The following report updates projected figures for fiscal year 1991; the Regents are asked to approve necessary changes to the Trust fund budget. The report also describes action to date on the Smithsonian's fiscal year 1992 Federal request. The Regents are also asked to approve the establishment of a named restricted endowment, the Friends of Music Fund.

Fiscal Year 1990 - Actual (Schedule B)

Schedule B continues to reflect actual revenues and expenses for fiscal year 1990.

Fiscal Year 1991 - Budget (Schedule C) and Projected (Schedule D)

Federal Appropriations: Schedules C and D reflect the Federal budget as contained in Public Law 101-512 and as presented to the Regents in February.

Nonappropriated Trust Funds: The Institution's Trust fund budget for fiscal year 1991 is also reflected in Schedule C. The necessary changes required to balance the budget, given projected reductions in unrestricted income, are reflected in Schedule D. These changes were reported in the March Newsletter to the Regents. In summary, a $4.2 million projected shortfall in unrestricted income was covered by funds available only on a one-time basis. They include utilization of $1.9 million in excess funds from the Quadrangle construction account, and $2.3 million from contingency reserves established in fiscal years 1990 and 1991.

The following motion is suggested:

VOTED that the Board of Regents approves the adjustments to the fiscal year 1991 budget of nonappropriated funds, as explained in the narrative and represented in Schedule D.

Fiscal Year 1992 - Budget (Schedule E)

Federal Appropriations: The Federal budget has been revised to reflect the request to Congress, based upon the Office of Management and Budget

passback which was reported previously. The chart below summarizes the request to Congress.

	(Dollars in thousands)		
Appropriation Account	FY 1992 Request to OMB	FY 1992 OMB Passback	FY 1992 Request to Congress
Salaries & Expenses	$322,636	$292,450	$292,450
Zoo Construction	20,050	8,000	8,000
Repair & Restoration	35,000	31,600	31,600
Construction	83,450	25,100	25,100
Total Smithsonian	$461,136	$357,150	$357,150

House budget hearings were held on March 21, 1991. The mood of the hearing was very upbeat and positive. The hearing gave considerable focus to the Smithsonian's infrastructure needs and to its various educational initiatives, especially those which had been requested but cut by the Office of Management and Budget. The Senate hearing is scheduled for May 15.

Nonappropriated Trust Funds: Current re-projections of fiscal year 1992 Trust fund income are being made. Expense projections based on current programs (no new programs) are also being developed. With this information in hand, the Trust fund budget will be formulated for presentation to the Regents at their September meeting.

Endowments

The Friends of Music at the Smithsonian, an affiliated group of supporters, has been making contributions to the National Museum of American History to support the Division of Musical Instruments for nearly 20 years. A portion of those contributions, currently totaling $68,000, has been maintained as principal with only the interest being utilized for programs. This has been done within operating funds and the Museum currently wishes to have these funds transferred to the endowment. It is expected that a portion of each year's contributions will continue to be identified and transferred to endowment. Accordingly, the following motion is suggested:

> VOTED that the Board of Regents authorizes the Secretary to establish, as part of the Institution's Endowment funds, a quasi-restricted fund to be known as the Friends of Music Fund and to authorize the transfer of the restricted monies identified for this purpose.

SMITHSONIAN INSTITUTION

May 1991
(1,000's)

Schedule A

Summary Fiscal Years 1990 – 1992

OPERATING FUNDS	FY 90 Actual (Sch. B)	FY 91 Budget (Sch. C)	FY 91 Projected (Sch. D)	FY 92 Budget (Sch. E)
FUNDS PROVIDED:				
FEDERAL APPROP. - S&E	225,479	272,883	272,883	292,450
GOVERNMENT GRANTS & CONTRACTS	29,089	31,576	31,576	0
NON-APPROP. TRUST FUNDS				
Investment Income	17,870	13,826	15,476	0
Gifts & Grants (Ex. Gifts to Endow)	14,330	16,525	15,225	0
Self-Generated Net Income				
Institutional (Gen. Unrest.)	26,768	28,635	22,084	0
Bureau (Special Purpose)	1,214	1,818	1,818	0
Other Miscellaneous	10,023	5,004	4,929	0
NET OPERATING FUNDS PROVIDED	324,773	370,267	363,991	292,450
FUNDS APPLIED:				
Research	79,645	98,216	97,392	55,433
Less: SAO Overhead Recovery	(4,429)	(5,332)	(5,332)	0
Museums	121,447	136,586	135,340	115,384
Public Service	6,189	13,671	12,524	4,764
International Activities	1,874	1,779	1,911	981
Special Programs/Inst. Initiatives	15,832	302	1,435	0
External Affairs	2,974	2,901	3,841	0
Administration	34,789	55,424	53,139	42,420
Less: SI Overhead Recovery	(11,945)	(13,200)	(11,150)	0
Facilities Services	67,003	73,316	73,354	72,461
TOTAL OPERATING FUNDS APPLIED	313,379	363,663	362,454	291,443
TRANSFERS (Non-Approp. Trust Funds)				
To Plant Funds	0	4,038	2,138	0
To Endowment Funds	7,671	2,962	2,962	0
Total Transfers	7,671	7,000	5,100	0
CHANGE IN FUND BALANCES	3,723	(396)	(3,563)	1,007
OTHER FEDERAL APPROPRIATIONS -Construction	41,211	53,234	53,234	64,700
TOTAL FEDERAL APPROPRIATIONS	266,690	326,117	326,117	357,150

SMITHSONIAN INSTITUTION

MAY 1991
($1,000s)

Source & Application of Funds
Actual FY 1990

Schedule B

OPERATING FUNDS	Federal Approps.	Government Gr. & Cont.	Unrest. Trust Funds General	Unrest. Trust Funds Sp. Purp.	Restricted Trust Funds	Total Op. Funds
BEGINNING FUND BALANCE	370	0	13,301	33,808	20,947	68,426
FUNDS PROVIDED:						
Federal Appropriation	225,479	0	0	0	0	225,479
Investments	0	0	7,840	1,483	8,547	17,870
Gifts, Grants & Contracts	0	29,089	206	710	13,414	43,419
Self-generated-Gross Revenue						
Auxiliary Activities	0	0	192,333	0	0	192,333
Bureaus	0	0	0	9,014	0	9,014
Other Misc.	0	0	1,187	3,125	5,711	10,023
Total Income	225,479	29,089	201,566	14,332	27,672	498,138
Less Expenses-Self Generated						
Auxiliary Activities	0	0	(165,565)	0	0	(165,565)
Bureaus	0	0	0	(7,800)	0	(7,800)
Net Funds Provided	225,479	29,089	36,001	6,532	27,672	324,773
FUNDS APPLIED						
Research	41,673	27,211	6,148	3,627	986	79,645
Less: SAO O/H Recovery	0	0	(4,429)	0	0	(4,429)
Museums	86,529	1,328	3,129	12,431	18,030	121,447
Public Service	2,655	11	3,051	204	268	6,189
Institutional Initiatives	0	0	362	0	14	376
International Activities	853	107	598	252	64	1,874
Special Programs	10,372	415	1,436	2,832	401	15,456
External Affairs	99	6	2,612	50	207	2,974
Administration - SI	19,690	11	12,272	1,603	1,213	34,789
Less: SI O/H Recovery	0	0	(11,945)	0	0	(11,945)
Facilities Services	65,885	0	1,189	(72)	1	67,003
Total Funds Applied	227,756	29,089	14,423	20,927	21,184	313,379
TRANSFERS: Out (In)						
Current Funds						
-Bureau Revenue Sharing	0	0	1,621	(1,621)	0	0
-NASM Theatre	0	0	(262)	0	0	(262)
-Fellowships	0	0	3,007	(15,044)	0	(12,037)
-Special Programs	0	0	8,069	0	0	8,069
-Other	0	0	3,934	0	296	4,230
Endowment Funds	0	0	4,741	766	2,164	7,671
Total Transfers	0	0	21,110	(15,899)	2,460	7,671
CHANGE IN FUND BALANCE	(2,277)	0	468	1,504	4,028	3,723
ENDING FUND BALANCE	(1,907) *	0	13,769	35,312	24,975	72,149

CONSTRUCTION FUNDS	Appropriated	Non-Appropriated
National Zoological Park	6,423	0
Restoration and Renovation of Bldgs.	26,468	0
Museum of the American Indian	1,620	0
STRI- Research Facilities	1,930	1,177
Construction Planning	730	0
Alterations and Modifications	4,040	498
Total Construction	41,211	1,675

SMITHSONIAN INSTITUTION

MAY 1991
($1,000s)

Source & Application of Funds
Budget FY 1991

Schedule C

OPERATING FUNDS	Federal Approps.	Government Gr. & Cont.	Unrest. Trust Funds General	Unrest. Trust Funds Sp. Purp.	Restricted Trust Funds	Total Op. Funds
BEGINNING FUND BALANCE	(1,907)	0	13,769	35,312	24,975	72,149
FUNDS PROVIDED:						
Federal Appropriation	272,883 *	0	0	0	0	272,883
Investments	0	0	6,000	1,000	6,826	13,826
Gifts, Grants & Contracts	0	31,576	1,550	0	14,975	48,101
Self-generated-Gross Revenue						
Auxiliary Activities	0	0	206,012	0	0	206,012
Bureaus	0	0	0	11,958	0	11,958
Other Misc.	0	0	250	3,754	1,000	5,004
Total Income	272,883	31,576	213,812	16,712	22,801	557,784
Less Expenses-Self Generated						
Auxiliary Activities	0	0	(177,377)	0	0	(177,377)
Bureaus	0	0	0	(10,140)	0	(10,140)
Net Funds Provided	272,883	31,576	36,435	6,572	22,801	370,267
FUNDS APPLIED						
Research	50,925	28,871	7,098	8,097	3,225	98,216
Less: SAO O/H Recovery	0	0	(5,332)	0	0	(5,332)
Museums	107,159	1,005	2,900	10,420	15,102	136,586
Public Service	5,064	1,700	4,593	608	1,706	13,671
International Activities	981	0	648	150	0	1,779
Institutional Initiatives	0	0	302	0	0	302
External Affairs	0	0	2,493	393	15	2,901
Administration - SI	38,553 *	0	15,882	860	129	55,424
Less: SI O/H Recovery	0	0	(13,200)	0	0	(13,200)
Facilities Services	71,317	0	1,692	305	2	73,316
Total Funds Applied	273,999	31,576	17,076	20,833	20,179	363,663
TRANSFERS: Out (In)						
Current Funds						
-Bureau Revenue Sharing	0	0	1,715	(1,715)	0	0
-NASM Theatre	0	0	(565)	565	0	0
-Fellowships	0	0	3,014	(3,014)	0	0
-Special Programs	0	0	10,163	(10,163)	0	0
-Other	0	0	532	(1,051)	519	0
Construction Funds	0	0	0	0	4,038	4,038
Endowment Funds	0	0	3,000	423	(461)	2,962
Total Transfers	0	0	17,859	(14,955)	4,096	7,000
CHANGE IN FUND BALANCE	(1,116)	0	1,500	694	(1,474)	(396)
ENDING FUND BALANCE	(3,023)	0	15,269	36,006	23,501	71,753

CONSTRUCTION FUNDS	Appropriated	Non-Appropriated
National Zoological Park	6,636	0
Repair and Restoration of Bldgs.	31,191	0
Construction	15,407	0
Total Construction	53,234	0

*Includes $14.9 million for the John F. Kennedy Center for the Performing Arts.

SMITHSONIAN INSTITUTION

MAY 1991
($1,000s)

Source & Application of Funds
Projected FY 1991

Schedule D

OPERATING FUNDS	Federal Approps.	Government Gr. & Cont.	Unrest. Trust Funds General	Unrest. Trust Funds Sp. Purp.	Restricted Trust Funds	Total Op. Funds
BEGINNING FUND BALANCE	(1,907)	0	13,769	35,312	24,975	72,149
FUNDS PROVIDED:						
Federal Appropriation	272,883 *	0	0	0	0	272,883
Investments	0	0	7,650	1,000	6,826	15,476
Gifts, Grants & Contracts	0	31,576	250	0	14,975	46,801
Self-generated-Gross Revenue						
Auxiliary Activities	0	0	188,469	0	0	188,469
Bureaus	0	0	0	11,958	0	11,958
Other Misc.	0	0	175	3,754	1,000	4,929
Total Income	272,883	31,576	196,544	16,712	22,801	540,516
Less Expenses-Self Generated						
Auxiliary Activities	0	0	(166,385)	0	0	(166,385)
Bureaus	0	0	0	(10,140)	0	(10,140)
Net Funds Provided	272,883	31,576	30,159	6,572	22,801	363,991
FUNDS APPLIED						
Research	50,925	28,871	7,591	6,780	3,225	97,392
Less: SAO O/H Recovery	0	0	(5,332)	0	0	(5,332)
Museums	107,159	1,005	3,824	8,250	15,102	135,340
Public Service	5,064	1,700	3,446	608	1,706	12,524
International Activities	981	0	780	150	0	1,911
Institutional Initiatives	0	0	1,435	0	0	1,435
External Affairs	0	0	3,433	393	15	3,841
Administration - SI	38,553 *	0	13,597	860	129	53,139
Less: SI O/H Recovery	0	0	(11,150)	0	0	(11,150)
Facilities Services	71,317	0	1,730	305	2	73,354
Total Funds Applied	273,999	31,576	19,354	17,346	20,179	362,454
TRANSFERS: Out (In)						
Current Funds						
-Bureau Revenue Sharing	0	0	1,455	(1,455)	0	0
-NASM Theatre	0	0	(585)	585	0	0
-Fellowships	0	0	3,014	(3,014)	0	0
-Special Programs	0	0	6,590	(6,590)	0	0
-Other	0	0	(769)	250	519	0
Construction Funds	0	0	(1,900)	0	4,038	2,138
Endowment Funds	0	0	3,000	423	(461)	2,962
Total Transfers	0	0	10,805	(9,801)	4,096	5,100
CHANGE IN FUND BALANCE	(1,116)	0	0	(973)	(1,474)	(3,563)
ENDING FUND BALANCE	(3,023)	0	13,769	34,339	23,501	68,586

CONSTRUCTION FUNDS	Appropriated	Non-Appropriated
National Zoological Park	6,636	0
Repair and Restoration of Bldgs.	31,191	0
Construction	15,407	0
Total Construction	53,234	0

*Includes $14.9 million for the John F. Kennedy Center for the Performing Arts.

SMITHSONIAN INSTITUTION

MAY 1991
($1,000s)

Source & Application of Funds
Budget FY 1992

Schedule E

OPERATING FUNDS	Federal Approps.	Government Gr. & Cont.	Unrest. Trust Funds General	Unrest. Trust Funds Sp. Purp.	Restricted Trust Funds	Total Op. Funds
BEGINNING FUND BALANCE	(3,023)	0	0	0	0	(3,023)
FUNDS PROVIDED:						
Federal Appropriation	292,450	0	0	0	0	292,450
Investments	0	0	0	0	0	0
Gifts, Grants & Contracts	0	0	0	0	0	0
Self-generated-Gross Revenue						
Auxiliary Activities	0	0	0	0	0	0
Bureaus	0	0	0	0	0	0
Other Misc.	0	0	0	0	0	0
Total Income	292,450	0	0	0	0	292,450
Less Expenses-Self Generated						
Auxiliary Activities	0	0	0	0	0	0
Bureaus	0	0	0	0	0	0
Net Funds Provided	292,450	0	0	0	0	292,450
FUNDS APPLIED						
Research	58,298	0	0	0	0	58,298
Less: SAO O/H Recovery	0	0	0	0	0	0
Museums	121,838	0	0	0	0	121,838
Public Service	5,127	0	0	0	0	5,127
International Activities	1,044	0	0	0	0	1,044
Institutional Initiatives	0	0	0	0	0	0
External Affairs	0	0	0	0	0	0
Administration - SI	28,828	0	0	0	0	28,828
Less: SI O/H Recovery	0	0	0	0	0	0
Facilities Services	76,308	0	0	0	0	76,308
Total Funds Applied	291,443	0	0	0	0	291,443
TRANSFERS: Out (In)						
Current Funds						
-Bureau Revenue Sharing	0	0	0	0	0	0
-NASM Theatre	0	0	0	0	0	0
-Fellowships	0	0	0	0	0	0
-Special Programs	0	0	0	0	0	0
-Other	0	0	0	0	0	0
Construction Funds	0	0	0	0	0	0
Endowment Funds	0	0	0	0	0	0
Total Transfers	0	0	0	0	0	0
CHANGE IN FUND BALANCE	1,007	0	0	0	0	1,007
ENDING FUND BALANCE	(2,016)	0	0	0	0	(2,016)

CONSTRUCTION FUNDS	Appropriated	Non-Appropriated
National Zoological Park	8,000	0
Restoration and Renovation of Bldgs.	31,600	0
Construction	25,100	0
Total Construction	64,700	0

SMITHSONIAN INSTITUTION

MAY 1991
($1,000s)

Trust Fund Balance Sheet

Schedule F

********** CURRENT FUNDS **********	9/30/89	9/30/90	2/28/91
ASSETS:			
Cash	$ 2,108	$ 1,137	$ 3,891
Investments (Book Values)*	66,337	72,437	69,111
Receivables	26,876	28,831	29,484
Merchandise inventory	15,545	16,491	15,486
Prepaid, deferred expense & other	16,324	18,151	14,926
Property & equipment	23,010	21,060	20,297
Total Assets	$ 150,200	$ 158,107	$ 153,195
LIABILITIES:			
Accounts payable & accrued expenses	$ 20,813	$ 24,625	$ 12,836
Deposits held in custody for other organizations	3,148	3,532	4,216
Interfund payables	9,764	9,929	8,341
Deferred revenue	37,107	34,864	42,710
Long term note payable	11,312	11,100	11,000
Total Liabilities	82,144	84,050	79,103
FUND BALANCES:			
Unrestricted general purpose funds	13,301	13,769	15,587
Unrestricted special purpose funds	33,807	35,313	40,488
Restricted funds	20,948	24,975	18,017
Total Fund Balances	68,056	74,057	74,092
Total Liabilities and Fund Balances	$ 150,200	$ 158,107	$ 153,195
* Market Values	$ 66,280	$ 72,530	$ 69,357
**** ENDOWMENT & SIMILAR FUNDS ****			
ASSETS:			
Investments (Book Values)*	$ 237,437	$ 251,302	$ 256,473
Receivables and other assets	10,967	4,316	7,599
Total Assets	$ 248,404	$ 255,618	$ 264,072
LIABILITIES and FUND BALANCES:			
Liabilities	10,616	3,355	$ 8,972
Fund Balances	$ 237,788	$ 252,263	255,100
Total Liabilities and Fund Balances	$ 248,404	$ 255,618	$ 264,072
* Market Values	$ 279,348	$ 253,660	$ 288,792
********** PLANT FUNDS **********			
ASSETS:			
Receivables and other assets	8,163	7,491	6,577
Property & equipment	54,006	54,211	55,998
Total Assets	$ 62,169	$ 61,702	$ 62,575
LIABILITIES and FUND BALANCES:			
Liabilities	$ 144	$ 203	$ 93
Fund Balances	62,025	61,471	62,482
Total Liabilities and Fund Balances	$ 62,169	$ 61,674	$ 62,575
* Market Values	$ 195	$ 184	$ 184

SMITHSONIAN-WIDE ACCOUNTING AND MANAGEMENT INFORMATION SYSTEM

Introduction

This report provides the status of the Institution's efforts to design and implement a new, modern financial management system, known as the Smithsonian-Wide Accounting and Management Information System (SWAMI). It includes a review of major recent accomplishments through the second quarter of fiscal year 1991 and work planned for the third quarter of fiscal year 1991.

Major Accomplishments - Second Quarter FY 1991

During this period there were several significant accomplishments:

*Implementation, in production mode, of the Labor Accounting System (LAS) integrated with the Personnel Cost Projection System (PCPS). The Labor Accounting System utilizes the Walker Interactive System's general ledger and budgeting package, which is the centerpiece of SWAMI, to provide access to official personnel and payroll data. Some 65 per cent of the Institution's operating budget is devoted to personnel expenses, and the LAS/PCPS provides a significant improvement in the Institution's ability to monitor, analyze and project personnel costs. In March, final production version 2.03 of the PCPS application software was made available and training was offered to all Smithsonian administrative officers. The Walker LAS data base on the Institution's mainframe now contains comprehensive, up-to-date personnel and payroll data. PCPS, operating on personal computers, enables each bureau to access, analyze and make cost projections for personnel in their organization. The projections are then uploaded to the LAS data base for Institutional level analysis and financial reporting.

*Completion and distribution of the SWAMI Functional Description document. This document provides a comprehensive description, from a functional (i.e., user) perspective, of the objectives, features and plans for SWAMI. The document also includes an overview diagram showing the entire SWAMI system when completely implemented.

*An independent assessment of the Functional Description by an outside consultant whose specialty is advisory assistance on the planning, organization and implementation of large-scale automation projects. The consultant did not find any deficiencies in the Institution's plan.

Work Planned - Third Quarter FY 1991

Work underway and planned for the third quarter of fiscal year 1991 includes the following:

*Potential modifications to the plan are currently being analyzed that would limit Phase I testing to a focused subset of pilot organizations and enable an earlier implementation of the new general ledger and budgeting system in Phase II.

*Development of a vision statement for the new system. In order to minimize disruption to progress on the project, a detailed plan was developed for Phase I to accomplish a range of given tasks (e.g., new account code conventions, crosswalks, reports) that were not dependent on the eventual vision for the project. However, in order to be clear about the overall goals for SWAMI through all successive phases, prudent project management requires definition of and agreement on the vision. The vision will be a high level view of what is expected to be accomplished with the full implementation of a new system. The Functional Description document will provide the detail for each phase for implementation of this vision.

*Running the SWAMI general ledger and budgeting package with actual fiscal year 1991 data from four pilot bureaus in the format of the new coding structure. This will provide a representative indication of the capabilities of the new coding structure in concert with the Walker general ledger and budgeting module.

*Generation of representative financial reports using data from the four-bureau pilot group for review by central and bureau users. Reconciliation procedures will be utilized to ensure the accuracy of the converted balances and the validity of transactions converted from the old to the new format.

*Installation and testing of the general release version of the Walker funds control package. (General release version means that the vendor has completed the development process and the package is now ready for customer use.)

*Installation and testing of the Walker Release 16 software to ensure its functionality and performance for use in production in Phase II.

*More detailed planning for Phase II and the development of specifications for interfaces with feeder systems.

SENIOR PAY SYSTEM

As reported earlier, the Federal Employees Pay Comparability Act of 1990, Public Law 101-509 of November 5, 1990, made a number of changes affecting the pay and employment conditions of executive positions and personnel. Among its provisions is one which abolishes grades GS-16, 17, and 18 of the General Schedule and replaces them with a new gradeless pay system for positions above GS-15. This system has a pay-band which ranges from a minimum of 120 percent of the rate for a GS-15, step one, to the full amount of Level IV of the Executive Schedule ($73,972 to $108,300 in 1991). This pay range is higher than the current supergrade minimum of $72,298 (GS-16, step 1) and maximum of $97,317 (GS-18). By policy, the Institution will apply similar changes to trust employees in grades 16, 17, and 18. Senior excepted trust employees identified as AE or SB will not automatically be affected by these changes, although the Smithsonian management plans to undertake a salary review for all employees in order to assure rational pay among senior employees.

Management has ambitiously undertaken a plan to adjust senior pay before the end of April. However, the Office of Personnel Management (OPM) must issue implementing regulations before Federal pay can be adjusted. While OPM has begun to issue regulations to implement other key provisions of the Pay Comparability Act, implementation of a Smithsonian Senior Pay System is still waiting for the issuance of regulations relating to the supergrades. By law, OPM is tasked with the responsibility for developing regulations and guidance materials to assist agencies in implementing a senior system by May 1991; at present, OPM and the Office of Management and Budget are in the process of resolving differences in the awaited regulations. Since there are only 270 supergrades throughout the Federal government (25% of whom are employed at the Smithsonian), this issue is not a priority with either OPM or OMB.

CULTURAL DIVERSITY AND EQUAL OPPORTUNITY IN THE SMITHSONIAN WORK FORCE: 1984-85 AND MARCH 1991

One of the highest priorities of the Smithsonian Institution, emphasized and underscored by Secretary Adams since his appointment, is to transform radically the racial/ethnic and gender composition of the entire staff -- especially in its professional and senior administrative ranks -- to reflect more accurately this nations's multi-racial and multi-ethnic society. This effort entails staff education, new recruiting strategies, and special attention to monitoring systems. This report focuses on the progress and problems in changing the work force profile and the monitoring systems, comparing 1984-85 and March 1991.[3]

The Smithsonian Work Force

In 1984, a total of 5,564 men and women were employed at the Smithsonian. By March 1991, the work force had grown to 6,492, or an increase of 16.7%. In 1984, about 2,000 employees, or 36%, were minority group members. In March 1991, the work force was 41.3% minority. In 1984, women were 42% of the total; by March 1991, they were 47.0%. Thus, the proportion of minority employees and women grew moderately.

Minority and nonminority males showed a percentage increase of 8.4% and 4.2%, respectively, between 1984 and 1991. Minority women almost doubled their absolute number -- a percentage increase of 80.5%; while nonminority women showed an increase of 11.9%.

The result of these changes is that the minority component of the Smithsonian work force evolved from primarily male in 1984 (67%) to approaching gender parity. In March 1991, minorities included 55% men and 45% women. A similar -- albeit much less dramatic -- adjustment occurred among nonminority employees. In March 1984, men were 53% of all nonminorities; by March 1991 they dropped to 51.6%.

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[3] This report is based on a preliminary analysis of March 1991 data. These data are subject to very minor changes. Attached is a preliminary table showing the distribution of the work force as of March 23, 1991.

In contrast to the progress being made in representation, there are still some glaring gaps between minorities and non-minorities. Employment grade is a measure of the individual's status at the Smithsonian, as well as a measure of relative economic position. Overall, the average grade of Smithsonian employees is 8.15.[4] The average grade for minorities is 6.01, while for nonminorities it is 9.68. In addition, recent data show that the increase for nonminorities in the past year (from 9.46 in March 1990 to 9.68 in March 1991) has been slightly greater than for minorities (from 5.93 in March 1990 to 6.01 in March 1991). Part of the difference in the average grade results from the concentration of different group members in specific occupational categories. Another part of the difference results from the fact that the tenure of minorities at the Smithsonian is shorter than that of nonminorities; thus, they have not had the benefit of promotions or the opportunity to move into higher-graded positions. Over time, this gap should narrow.

As the closing decade of the century approaches, the Smithsonian clearly needs to change its demographic composition, so that facts such as those listed below, based on March 1991 data, become part of its history:

-- For every African American male Professional there are 25 African American male Wage Board employees [17 and 428].[5]

-- For every African American female Professional there are 10 African American female Clerical workers [40 and 397].

-- Asian males range between 10-21 employees in each occupational category; they total less than 90.[6].

-- Asian females range between 0-33 employees in each category; they total about 100.[7].

-- For every Hispanic female Professional there are 6 Hispanic female Clerical workers [8 and 46]; the total group is about 110.

-- For every Hispanic male Professional there are 3 Hispanic male Wage Board employees [15 and 47]; the total group is about 160.

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[4] The 83 ungraded employees are excluded; of these, 44.6% in March 1991 were earning salaries at the Grade 16, Step 1 level or above.

[5] As defined by the Office of Personnel Management (OPM), Professional occupations are those that require knowledge in a field of science or learning characteristically acquired though education or training equivalent to a bachelor's or higher degree with major study in or pertinent to the specialized field. At the Smithsonian, almost all research and curatorial positions are included in this classification.

[6] Using OPM guidelines, Smithsonian occupations are classified into six major categories: Professional, Administrative, Technical, Clerical, Other and Wage Board.

[7] In March 1991, there are no Asian female Wage Board employees.

-- Approximately equal numbers of nonminority males are in Technical and Administrative occupations [452 and 428], more are Professional [552].

-- Approximately equal numbers of nonminority females are in Technical and Administrative occupations [563 and 594], fewer are Professional [219].

Senior Positions

Individuals holding Senior positions include senior management officials, museum directors and their deputies, directors of major offices, and prominent Research/Curatorial (Professional) personnel. In practical terms, they are defined as positions at Grade 16 or above.[8] In March 1991, senior positions constituted about 2.2% of the work force or 140 employees. Of these, 34 (24.3%) were women and included four African Americans, one Hispanic, and 29 nonminorities. Among the 106 men (75.7% of the total), five were African American, two Hispanic and three Native American with the remaining 96 being nonminority. In total, this group includes 15 members of minority racial/ethnic groups or 10.7% of the total (9 African Americans, three Hispanics, and three Native Americans). Since September 1990, an African American female was named as Under Secretary, a nonminority female as Assistant Secretary for Finance and Administration, a nonminority female as Director, Office of Human Resources, and a nonminority female as Director of the Office of Development. All four of these females replaced nonminority males.

Professional Positions

Professionals constitute 13% of the total work force at the earlier time point and 13.7% of the total work force in March 1991. Overall, a substantial increase in the minority portion of the professional ranks has occurred: from 9% to 13.8% in the past six years. In 1984, about one-fourth of the professionals were women, by March 1991 they had increased to 33.1%. Minority females experienced the largest employment growth, 142% in the six-year period, followed by minority males (49% increase) and nonminority females (32%). Nonminority males showed a slight decline (-1.2%).

Minorities and women were under-represented in the professional ranks in comparison to the overall Smithsonian work force at both time points. Their pattern of change, however, is consistent with the pattern of change in the overall work force but greater in magnitude. The most striking difference is among minority males; their overall percentage change was only 6%, while for professionals it was 49%.

Administrative Positions

Administrative positions decreased as a percent of the total work force, from 22% in 1984 to 20% in March 1991. Minority group members were about

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[8] For ungraded positions, this group is defined as individuals earning a salary equivalent to Grade 16, Step 1 or higher.

one-fifth of all administrators in 1984 and one-fourth in 1991 (22% and 25%). Losses among minority men were almost counterbalanced by gains among minority females. Among nonminority personnel, a slight (10%) increase among females occurred.

In March 1991, compared to the Smithsonian work force as a whole, minorities were under-represented among administrators by about one-half. Nonminority women in administrative positions were over-represented (46% to 29%) compared to the total. In March 1991, minority males were 8.4% of the Administrative category; in the upper grades (13-15) they were only 4.4%. Minority women were 12.5% of the total Administrative category but comprised only 8.6% of the upper grades.

Monitoring Change

Consistent and continuous monitoring of change in the work force serves two purposes: first, it is a constant reminder of the importance of racial/ethnic and gender representation; second, it identifies those organizations for senior management that are aggressively implementing hiring and promotion strategies that will change the demographic profile from those that are not.

In the past year, the Smithsonian has made progress in its internal monitoring of the racial/ethnic and gender composition of the work force. Since 1987, the Smithsonian's personnel and payroll records have been maintained by the National Finance Center (NFC), a transaction-based system that is not easily manipulated for statistical reporting purposes. As a result, beginning with September 1989 data, the Smithsonian has developed an in-house reporting system that uses, for selected time points, data from NFC. Reports can be generated for the work force as a whole, for specific occupational groups, for any of the over 80 official administrative units at the Smithsonian, or for other administratively defined entities. Statistical comparisons can be made at different time points for accessions, separations, and among individuals with different characteristics.

While the new in-house reporting system is effective for monitoring changes in the profile of employees, it does not provide information about the pool of individuals who apply for Smithsonian employment nor does the NFC have a capability to maintain applicant data. During the coming year, we will develop a tracking system for monitoring the applicant pool and selection process.

Conclusions and the Future

In conclusion, the data show that, among professional and administrative staff, both women and minorities have experienced substantial improvement during the period from 1984-85 to March 1991 in terms of their representation in the Smithsonian work force. Women in general, and minority women in particular, have fared especially well between 1984-85 and 1990. In contrast, men have not improved their representation in the upper grade levels.

These countervailing trends, however, must be cautiously interpreted. On the one hand, the advancement of women into the ranks of the upper grade levels mirrors the rapid expansion of the highly educated, skilled female work

force in the society as a whole. On the other, the representation of both minorities and women in the highest grade levels still needs improvement.

Continued attention to progressive employment initiatives and continuous monitoring will ensure that the Institution's work force will mirror the multi-racial, multi-ethnic society that it serves. At the same time, the progress that has occurred in the past six years suggests that the Smithsonian can now turn to examining the impact of increased representation of women and minorities on its exhibitions, public programs, research and publications.

Table 1
Gender and Racial/Ethnic Distribution:
SMITHSONIAN TOTAL WORKFORCE PROFILE
All Categories of Employment, March 23, 1991

Race/Ethnicity	Afr. Am.		Hispanic		Asian		Am. Ind.		Caucasian		Total	Total	TOTAL
Gender	M	F	M	F	M	F	M	F	M	F	M	F	
SENIOR POSITIONS (Grades 16 and Above or Equivalent)													
All Pay Plans	5	4	2	1	0	0	3	0	96	29	106	34	140
PROFESSIONAL OCCUPATIONS (Includes Research/Curatorial)													
Grades 13-15	5	12	7	0	18	5	1	0	360	81	391	98	489
Grades 5-12	11	25	7	7	3	8	1	0	127	128	149	168	317
SUBTOTAL	16	37	14	7	21	13	2	0	487	209	540	266	806
ALL ADDITIONAL GRADES/OCCUPATIONS													
Grades 13-15*	9	20	4	3	3	5	1	2	178	147	195	177	372
Grades 9-12	125	110	15	18	11	20	2	10	526	647	679	805	1484
Grades 5-8	398	361	38	43	23	28	3	2	235	558	697	992	1689
Grades 1-4	232	323	43	36	13	31	2	2	99	179	389	571	960
SUBTOTAL	764	814	100	100	50	84	8	16	1038	1531	1960	2545	4505
UNGRADED POSITIONS													
All Pay Plans**	0	1	0	0	0	0	0	0	14	16	14	17	31
WAGE BOARD OCCUPATIONS													
All Pay Plans	427	129	47	2	10	0	1	1	335	56	820	188	1008
Organization Totals													
N	1212	985	163	110	81	97	14	17	1970	1841	3440	3050	6490
%	18.7	15.2	2.5	1.7	1.2	1.5	0.2	0.3	30.4	28.4	53.0	47.0	100.0

* This group is primarily Administrative and a few Technical positions.
** This group is comprised of individuals in specialty or advisory positions.

SPECIAL EMPLOYMENT INITIATIVES

The Office of Human Resources is currently evaluating and developing the Institution's on-going and future efforts associated with the affirmative action program to encourage and expand a more culturally diverse work force. In that regard, the Office is reviewing the "Quick Hire" effort to identify needed improvements and refinements and develop policy and procedures for continued use of the "Quick Hire" concept as a means to increase the cultural diversity of the Institution's work force. One significant aspect of the policy and procedures to be developed will be the implementation, as appropriate, of a plan to have an available pool of positions and associated monies under centralized management with which to encourage bureaus and offices to participate in the "Quick Hire" program. Also, temporary support staff has recently been obtained to advance the Step Up 90 Program, which will provide an opportunity for upward mobility for at least ten Smithsonian employees. Assessment criteria is currently being developed for use in the interviewing and selection process. In addition to this program, four organizations, where under-representation of minorities continues to be of concern, have been targeted under Affirmative Cultural Transition to recruit and fill a professional position.

The Office of Human Resources has recently appointed a recruiter whose primary responsibility is to provide support to management in identifying resources and candidates for Smithsonian positions. To date, the recruiter has attended the Historically Black Colleges and Universities Conference and continues to meet with Smithsonian officials to assess recruitment needs.

LITIGATION REPORT SUMMARY

May 1991

During the period ending April 1991 there were pending fifteen cases to which the Smithsonian was a party, including three new cases (*) and four cases that were resolved (+):

Bankruptcy:

\+ Farah v. Smithsonian Institution (voidance of donation of WW II vintage aircraft to the National Air and Space Museum): Joint Motion to Compromise Dispute granted by the Bankruptcy Court in El Paso, Texas, on March 24, 1991.

Employment:

Dickson v. Smithsonian Institution (discrimination on the basis of race (white)).

Janczewski v. Secretary, Smithsonian Institution (sexual harassment and discrimination on the basis of sex).

Staton v. Smithsonian Institution (back pay claim for alleged overtime work by a former Smithsonian guard).

\+ Staton v. Smithsonian Institution (job-related personal injury claim by a former Smithsonian guard): Motion to Dismiss filed by the U.S. Attorney granted by U.S. District Court Judge Boudin on March 19, 1991.

* Stone v. Secretary, Smithsonian Institution (sexual harassment and discrimination on the basis of sex).

Estate:

* The Andrews School v. Lee I. Fisher and Smithsonian Institution (petition to allow the School for girls to deviate from the restrictions in the Will to admit boys and expand the grade levels; the Smithsonian is the contingent beneficiary).

Beatty v. Smithsonian Institution (contest of Last Will and Testament of Florence F. Evans, Item SEVENTH of which bequeaths to the Smithsonian certain Indian relics purported to have belonged to Chief Sitting Bull).

Real Estate:

Maryland Historical Trust v. North Point Properties, Inc. and Smithsonian Institution (violation of covenants by purchaser of lot sold at SERC).

Tort actions:

Mac'Avoy v. The Smithsonian Institution (claim contesting the National Museum of American Art's ownership of certain paintings and drawings by Romaine Brooks that were donated to the Museum between 1966 and 1970).

* Poole v. Smithsonian Museum of Natural History Book Store (Claudia Minnicozzi and Ruth Phillips) (claim for false accusation of theft of books).

\+ State Farm Mutual Automobile Insurance Company v. United States
\+ and Debra Walters v. United States (claim for vehicular damages arising out of an April 1988 three-car collision involving a Smithsonian vehicle): The Walters complaint was dismissed as having been untimely filed; State Farm Mutual was settled by the United States for $300, which was paid from the Judgment Fund.

Thompson v. Smithsonian Institute [sic] (claim for injuries allegedly sustained from a fall in the National Museum of Natural History in October 1987).

Volvo Cab Corporation v. Smithsonian (claim for damages to automobile arising out of a November 1989 accident in New York City involving a Smithsonian vehicle).

On February 4, 1991, U.S. District Judge Thomas Hogan dismissed the case of Mac'Avoy v. Smithsonian Institution, and granted summary judgment in favor of the Smithsonian. The plaintiff, a French citizen, claimed to be the rightful owner of a large group of paintings and drawings by Romaine Brooks in the National Museum of American Art collection. The judge dismissed the action after finding that the plaintiff's claim was barred by the statute of limitations, and that there is no legal basis for the claims he asserted under the U.S. Constitution, the Administrative Procedure Act, and certain French laws. An appeal is pending in the U.S. Court of Appeals for the District of Columbia Circuit. A similar claim filed by the plaintiff in Paris remains pending.

The new cases filed (Andrews School, Poole, and Stone) present no unusual problems and are being handled by the U.S. Department of Justice, except for the Andrews School case in which no action is yet required. The four cases disposed of were resolved as noted.

The full litigation report will be available at the meeting.

NATIONAL MUSEUM OF THE AMERICAN INDIAN

Architectural Selection

The Philadelphia architectural firm of Venturi, Scott Brown and Associates Inc. has been selected to assist the NMAI in developing general architectural program requirements and criteria for the design of the new museum to be built in Washington, D.C. In addition, the firm will develop requirements for a storage, conservation, and research facility to be built in Suitland, Maryland. Under the leadership of Denise Scott Brown, principal architect, the Venturi firm will carry out the master programming requirements as an essential step prior to the architectural design of the new museum and the storage, conservation, and research building. The design of the museum will be done by another firm, yet to be selected.

In the first phase of the project, the museum, assisted by the firm, will conduct a series of consultations with various Indian communities and Indian specialists and experts. There will be 11 consultation meetings in all. General community conferences will be held in Washington, D.C.; New York City; Alaska; and the Southwest. Seven additional conferences will be held in Washington, D.C., drawing from such specialized groups as museum administrators, designers and directors; librarians, archivists and collections managers; educators; technology specialists; and performing and contemporary artists.

Design for Custom House Renovation and Exhibition Installation

At the February 4 meeting of the Board of Regents it was noted that the Smithsonian and the New York Historic Preservation Office had failed to reach agreement on the design for the Heye Center in the Custom House and that the Advisory Council on Historic Preservation had terminated consultation on the issue. Since that time the Smithsonian has resolved these preservation issues.

At issue were three aspects of the project which were found to be unacceptable by the Advisory Council. Preservation authorities objected to the design of the exhibition installation as a closed shell which was seen to obscure the character-defining elements of the interior. A further source of concern was that no provision had been made for the stabilization and maintenance of the walls and ceilings which will be obscured by the shell. The third item of disagreement focused on the stage of design development (half completed) at which the project was presented for review. Preservation authorities maintained that late presentation precluded their mandated role as participants in the conceptual phase.

At a hearing on the site with all parties present the Smithsonian:

a) Explained that the neutral surroundings created by the proposed enclosed installation set into the building spaces reflected the special character of the NMAI as a place for the Native American community as well as the technical requirements for object care. The strong argument for retaining the shell was accepted but not approved.

b) Agreed to create means for access to the interior surfaces of the building for maintenance. The GSA agreed to stabilize the walls and ceiling surfaces.

c) Acknowledged that errors had been made in the timing of the consultation and agreed that early participation by preservation authorities in the conceptual stage of the NMAI Mall building would be done.

By exchange of documents incorporating the results of the hearing, the Smithsonian and GSA have formally complied with all requirements of the regulatory process under section 106 of the National Historic Preservation Act and have responded to the recommendations of the preservation community

The National Campaign

The National Campaign of the NMAI is gathering substantial momentum and is following the recommendations of the Taft Planning Study which was presented to the Regents in September 1990. Funds received from all sources and for all purposes, through April 12, now total $503,151.66.

Campaign highlights include:

- As promised to the Regents in September 1990, a series of expenditure reduction/cost containment strategies have been pursued (although the Campaign had to sustain a $50,000 reduction in the Federal appropriation portion of its budget) in order to manage the Campaign within the parameters of its budget. Successful achievement of those objectives has included: (1) furnishing the National Campaign Office for less than $20,000 as a result of discounts and donations; (2) raising $30,769.18 in unrestricted income (representing one-half of total proceeds which were shared with the Resident Associates Program) from the World Premiere on October 19, 1990, of the award-winning film, Dances With Wolves ($25,000 projected as income); and (3) raising $55,666 toward placement costs for a newspaper advertisement and receiving $58,776

(through April 12) from 1,537 donors (who are now being assessed with regard to their major gift and membership potential) in direct contributions to the NMAI construction fund in response to the ad ($25,000 projected as income). With the exception of two days, gifts have been received daily during the 14 weeks since the ad appeared. Included in the total are six gifts of $1,000 and nine gifts of $500.

- o A detailed task/timetable has been presented to the NMAI Board of Trustees. The Board's Development Committee, which has met on three occasions, has been active and helpful in the identification and research of prospective donors and in the continuing refinement of constituency fund raising goals.

- o The membership/direct mail program, through an initial test mailing sent to 200,000 persons was launched on March 21. Our consultants in this area had defined "success" for this test mailing as the ability to achieve a response rate of 1.5% and an average gift of $22. The first responses to the mailing were received on April 1. Through April 12 (ten business days), 2,116 responses had been received, the response rate was 1.1%, with total gross revenue of $60,227 and an average gift of $28.46. After analysis of these early results, our consultants project an overall response rate (after eight weeks) of 1.8%, an average gift of $26, acquisition of 3,600 members and gross revenue of $93,600 resulting from this first test. Based on the success of this first mailing, we will conduct a second test of the membership/direct mail program in June 1991, and will continuously evaluate it for cost effectiveness. If a positive evaluation continues to result from these mailings, broadly-based mass mailings will be launched in fiscal year 1992. There will be available, at the next meeting of the Board of Regents, both a membership application package and a copy of Native Peoples Magazine (the primary benefit of membership in the NMAI) for those Regents who wish to see and use these materials.

- o A logo for the Campaign has been chosen from among several which were submitted by the Institute of American Indian Arts which is located in Santa Fe, New Mexico. The selected logo has been registered as the trademark for the NMAI Campaign.

- o There are six active recruitments underway in the National Campaign Office. In addition, an individual has been selected for the very important position, Assistant Director for Public Relations and Special Events. We anticipate that she will begin work on the Campaign staff in early May.

- o A contractor has submitted recommendations for the purchase of appropriate computing software to be used for management of the Campaign's research and donor records. It is projected that this system will be fully operational before July 1991. The system will be implemented with support from appropriated funds.

- o Recruitment of the Chairman and members of an Honorary Committee for the Campaign is underway, and should be completed by the end of May 1991.

- Prospect identification for the Campaign's volunteer fund-raising committee, the International Founders Council, is progressing rapidly and is moving into the stages of cultivation and recruitment.

- A Business Supporters Program, to be initiated in April 1991, will be targeted to approximately 750 businesses and galleries which specialize in Indian arts and crafts and will solicit annual unrestricted gifts of at least $100.

- Several special events are planned for fund raising purposes, including: an April 17 reception in honor of the Museum's Director in New York City; a May 2 book reading event in Seattle, Washington, by authors Michael Dorris and Louise Erdrich in connection with their new book, The Crown of Columbus; and a weekend of fund-raising events in Aspen, Colorado on August 23-25.

- The Campaign has been invited by Orion Pictures to submit a 30-second spot concerning the Museum and its membership program for inclusion in the "Collectors Edition" home video of Dances With Wolves.

- A conference of prominent Native American writers is planned for Summer 1991 both to elicit their support of the Campaign and to seek their assistance in the development of the case statement and other communications materials which must be produced in fiscal year 1992.

SCHOLARS' RESIDENCE

As was reported in the papers for the February 1991 Board of Regents meeting and in the March 1991 Newsletter to the Regents, the firm of Coopers & Lybrand has completed a study of the requirements for, and economic viability of, a residence for visiting scholars. Users of such a facility would be principally scientists and historians coming to the Smithsonian, Woodrow Wilson Center, National Gallery of Art, and Library of Congress for periods of research ranging from a few weeks to a year or more. Based on its review of available documentation, interviews and other fact-finding efforts, Coopers & Lybrand estimated that the number of visiting scholars requiring housing is sufficient to warrant further exploration of a residence having up to 300 rental units. Requirements are heaviest for efficiency apartments but there is also limited demand for one and two bedroom units. An essential requirement for a residence is that it be convenient to Metro Rail. Monthly rental rates would have to be kept at the lower end of the market range given the limited budgets of professional visitors.

As to possible sites for the construction of such a residence, the report addresses presently available commercial and District of Columbia Government sites and the Capitol Hill site of the demolished Providence Hospital as well as a possible affiliation with a local university which might develop such housing to serve its own needs. Given their long-standing interests in the Providence Hospital site as a possible location for the residence, the heads of the four principal user organizations have written to the Speaker of the House of Representatives seeking advice and possible support for use of a portion of the site which is under control of the Congress. Another area for exploration is the Pennsylvania Avenue Development

Corporation which might have interest in incorporating the requirements for a scholars' residence in one of its developments. An important factor in choosing a course of action is the cost of building and operating a residence. While it had been hoped that capital and other costs might be met with annual income from rentals, it appears that in order to keep rental rates at levels affordable by the users, a substantial subvention would have to be made by the organizations involved either from available resources or from donor contributions.

Options and alternatives continue to be explored and the Board of Regents will be kept fully informed.

QUINCENTENARY PROGRAMS

From its inception in 1985, Smithsonian Quincentenary planning, coordinated by the Smithsonian's Office of Quincentenary Programs, took a challenge, as suggested by many scholars from all over the hemisphere, to present the American public with as many questions as possible to expand the primary notion that all children are taught in grade school--that one man "discovered" a continent inhabited by natives. At the Smithsonian, the process of continuing encounters and transformations that have proceeded from 1492 is the main thrust that will underscore the 500th anniversary of the voyages of Columbus. The Institution views its efforts as a commemoration and a time of reflection.

Since the programs projected for the Quincentenary are multidisciplinary in scope, they will reflect many of the concerns now being discussed by the scholarly communities throughout the Americas and Europe. The exchange of ideas related to the Quincentenary promises to have substantial historical, cultural and educational merit that will be far reaching and will last beyond 1992. The Quincentenary commemoration is viewed as foundation for the establishment of an "Institute of the Americas" which will serve as a forum where important cultural, intellectual and scientific issues related to this hemisphere can continue to be addressed long after 1992. Following is a calendar listing programs and activities produced by the Smithsonian Institution for the commemoration of the Columbus Quincentenary.

CALENDAR
SMITHSONIAN QUINCENTENARY ACTIVITIES

January 10, 1991----Symposium	"Future Technologies", National Air and Space Museum
Spring 1991---------Publication,	"Seeds of Change," Smithsonian Institution Press
March 1991----------Publication,	"Historical Archaeology in Global Perspective," Smithsonian Institution Press
March 15, 1991------Exhibition,	"The West as America, 1820-1920: Reinterpreting Images of the Frontier" National Museum of American Art
June 28-July 1,-----Living Exhibition, July 4-7, 1991	"Festival of American Folklife" Office of Folklife Programs
September 4-6,1991--Symposium,	"Symposium of the Americas," Office of Quincentenary Programs
September 7, 1991---Inaugural Event,	Special event to inaugurate SI-wide Quincentenary Programs
Fall 1991-----Educational Materials,	To accompany Buried Mirror television series
October 1991--Educational Materials,	To accompany the exhibition Seeds of Change, National Museum of Natural History
October 12, 1991----Exhibition,	"Seeds of Change," National Museum of Natural History
October 18-20, 1991---Symposium,	"Good as Gold" -- Foods the Americas Gave the World, National Museum of American History
November 7-9, 1991-----Symposium,	"Images: Women in the Americas," Office of Quincentenary Programs
November 1991-------Symposium,	"Race, Discourse and the Origin of the Americas: A New World View of 1492," The University of the West Indies/Smithsonian Institution
November 1991--Traveling Exhibition, thru Nov. 1994	"Capturing the Spirit: Portraits of Contemporary Mexican Artists," Smithsonian Institution Traveling Exhibition Service

1992----------Television Program,	"Music at the Time of Columbus," Univ. of Oklahoma, Smithsonian Office of Telecommunications
1992----------Symposium,	"Cultural Transplantation," Office of Elementary and Secondary Education
1992----------Exhibition,	"Science in the Age of Columbus," Dibner Library, National Museum of American History
1992----------Educational Guide,	"Multi-cultural curriculum Kit," Office of Elementary and Secondary Education
1992----------Recording Series,	Musical Repercussions of the Encounter, Office of Folklife Programs
1992----------Publication,	"The Buried Mirror," Houghton-Mifflin Co.
1992----------Public Programs,	Exchanges between Africa and the Americas covering language, literature, religion, music and political history, Anacostia Museum
1992----------Exhibition,	"Amazonia," National Zoological Park
1992----------Exhibition,	"Algonquin Heritage Garden," National Zoological Park
1992----------Exhibition,	"African Heritage Garden," National Zoological Park
1992--------Educational Materials,	To accompany the exhibits Amazonia and Heritage Gardens, National Zoological Park
1992----------Publication,	"Where Next, Columbus?," Smithsonian Institution Press
1992----------Publication,	"Maps: Ways to Read the World," Smithsonian Institution Press
1992----------Publication,	"American Encounters," Smithsonian Institution Press
1992-------Traveling Exhibition,	"Borderlands," Smithsonian Institution Traveling Exhibition Service
1992-------Traveling Exhibition,	"Fred E. Miller: Photographer of the Crows," Smithsonian Institution Traveling Exhibition Service

January 1992------Radio Series,	"Spirits of the Present: The Legacy from Native America," Office of Telecommunications
January 1992---Traveling Exhibitions,	"Seeds of Change," Smithsonian Institution Traveling Exhibition Service/American Library Association
Spring 1992---------Publication,	"Violence and Resistance in the Americas," Smithsonian Institution Press
Spring 1992---------Publication,	"The Musical Repercussions of 1492," Smithsonian Institution Press
Spring 1992-----Publication,	"Demography in the Americas: Changing Patterns Before and After 1492," Smithsonian Institution Press
Spring 1992------Publication,	"Artifacts of the Spanish Colonies," Vol. II, by Kathleen Deagan, Smithsonian Institution Press
Spring 1992------Exhibition,	"Where Next, Columbus?," National Air and Space Museum
Spring 1992------Educational Materials,	To accompany the exhibition, "Where Next, Columbus?," National Air and Space Museum
Spring 1992------Exhibition,	"Where Next, Columbus?," supplemental exhibition opening in Spain accompanied by IMAX film and a Smithsonian Institution Museum Shop
May 1992-------Educational Materials,	To accompany the exhibition "Chicano Art: Resistance and Affirmation," National Museum of American Art
May 1992-------Festival,	"Festival of the Horse," National Museum of Natural History
May 7, 1992-----Exhibition,	"Chicano Art: Resistance and Affirmation," National Museum of American Art
May 1992-------Exhibition,	"Golden Threads: A tapestry of Creativity," Sepharad '92/World Sephardic Federation, Smithsonian Institution
June 1992-----Living Exhibition,	"Festival of American Folklife," Office of Folklife Programs

July 1992-----Exhibition,	"American Encounters," National Museum of American History
Fall 1992-----Exhibition,	"Maps: Ways to Read the World," Cooper-Hewitt Museum of Decorative Arts and Design
Fall 1992----Publication,	"Seeds of the Past," 3 Volumes, Smithsonian Institution Press
Fall 1992---Educational Materials,	To accompany the exhibition, "Maps: Ways to Read the World," Cooper-Hewitt Museum of Decorative Arts and Design
Fall 1992---Public Programs,	Full range of educational programs related to the exhibition, "Maps: Ways to Read the World," Cooper-Hewitt Museum
September 7, 1992---Exhibition,	"Latin American Pioneers of Modernism," Hirshhorn Museum and Sculpture Garden
October 1992-----Publication,	Atlas of the World through satellite imagery, Satellite View of a Dynamic Earth together with a "User's Guide."
October 1992----Educational Materials,	To accompany the publication Satellite Atlas of the World, National Air and Space Museum
October 1992-----Education Kit,	In conjunction with the exhibition, "American Encounters," National Museum of American History
October 1992-----Public Programs,	Symposia, workshops, demonstrations, performances and films in conjunction with the exhibition "American Encounters," National Museum of American History
Winter 1992 ----Television Program,	"The Buried Mirror: Reflections on Spain and the New World by Carlos Fuentes," Office of Quincentenary Programs
April 1993----------Exhibition,	"American Painting and Sculpture at the World's Columbian Exposition, 1893," National Museum of American Art/National Portrait Gallery

ACTIVITIES PRIOR TO 1991

1987----------Publication,	"Artifacts of the Spanish Colonies," Vol. I, by Kathleen Deagan, Smithsonian Institution Press
1987----------Symposium,	"After Columbus: Encounters in North America," National Museum of Natural History
1987----------Exhibition,	"A Chinese Puzzle in California: Foreign Trade and Native Americans Before 1600," National Museum of American History
September 1987------Symposium,	"Americans Before Columbus: Ice Age Origins," Office of Quincentenary Programs
1988----------Publication,	"Americans Before Columbus: Ice Age Origin," Dept. of Anthropology, University of Pittsburgh
1988----------Publication,	"Seeds of the Past," Smithsonian Institution Press
1988----------Symposium,	"After Columbus: Encounters in North America," National Museum of American History
1988----------Exhibition,	"Commerce and Conflict: The English in Virginia," National Museum of American History
1988 thru 1992-----Public Program,	Performances, classes, films, readings, workshops, courses and other programs on a variety of subjects, Resident Associate Program
March 10-13, 1988---Symposium,	"Musical Repercussions of 1492," Office of Quincentenary Programs
September 23-24, 1988------Symposium,	"Seeds of the Past," Office of Folklife Programs/Cornell University
1989----------Publication,	"Seeds of Commerce," Smithsonian Institution Press
1989----------Symposium,	"After Columbus: Encounters in North America," National Museum of American History

1989----------Exhibition,	"Kiva, Cross, and Crown at Pecos Pueblo", National Museum of American History
Spring 1989---------Publication,	"Monte Verde," by Tom Dillehay, Smithsonian Institution Press
Spring 1989---------Publication,	"Columbian Consequences," Vol.I, Coordinated by David Hurst Thomas, Smithsonian Institution Press
March 23-26, 1989---Symposium,	"Seeds of Commerce," Office of Folklife Programs/Casa del Caribe, Santiago de Cuba
May 4-6, 1989-------Symposium,	"Violence and Resistance in the Americas: The Legacy of Conquest," Office of Quincentenary Programs
June 1989------Living Exhibition,	"Festival of American Folklife," Office of Folklife Programs
Fall 1989----------Publication,	"Tropical Renaissance," by Katherine Manthorne, Smithsonian Institution Press
October 1989---Traveling Exhibition,	"Tiralo a la Calle/Taking to the Streets," Office of Folklife Programs and Institute for Contemporary Culture
1990----------Publication,	"Seeds of Industry," Smithsonian Institution Press
1990----------Exhibition,	"VSJ--Varrio San Jose: Scenes from an Urban Chicano Experience," National Museum of American History
1990----------Publication,	Exhibition catalogue: "VSJ--Varrio San Jose: Scenes from an Urban Chicano Experience," National Museum of American History
1990----------Symposium,	"Power and Purpose in Documentary Photography," National Museum of American History
1990 thru 1992------Public Programs,	Performances, lectures, courses, seminars, films, study tours, studio arts and Afro-American studies, Resident Associate Program

1990 thru 1992------Public Programs,	Lectures, workshops and performances in host cities in U.S. and International Events Program
1990 thru 1992------Publication,	"The New World," Office of Quincentenary Programs
Spring 1990---------Publication,	"Columbian Consequences," Vol.II, Coordinated by David Hurst Thomas, Smithsonian Institution Press
January 1990-----Traveling Exhibition,	"Paintbrush Diplomacy: Children's Art thru Feb. 1944 from the Americas," Smithsonian Institution Traveling Exhibition Service
April 1990----------Publication,	"Puerto Rico Mio," by Jack May Delano, Smithsonian Institution Press
May 1990------------Publication,	"The Juan Pardo Expeditions: Explorations of the Carolinas and Tennessee, 1566-1568," by Charles Hudson, Smithsonian Institution Press
May 1990------------Publication,	"Columbian Consequences," Vol. III, Coordinated by David Hurst Thomas, Smithsonian Institution Press
July 1990-----------Publication,	"The Mississippian Emergence," edited by Bruce Smith, Smithsonian Institution Press
August 27-31, 1990----Symposium,	"Non-Imperial Polities in the Lands Visited by Christopher Columbus During His Four Voyages to the New World," Smithsonian Tropical Research Institute co-sponsored with the Instituto de Investigaciones Cientificas
September 6-8, 1990------Symposium,	"Seeds of Industry" Office of Folklife Programs
September 1990------Publication,	"After Columbus: The Indians of North America Since the Europeans Came," Smithsonian Books
September 15, 1990--Traveling Exhibition, thru Aug. 1993	"Contrasts/Contrastes: Forty Years of Change and Continuity in Puerto Rico," Smithsonian Institution Traveling Exhibition Service

October 1-2, 1990 ---Symposium,	"Potatoes: Feeding Tomorrow's Global Village," National Museum of Natural History
November 2-3, 1990 -- Symposium,	"Disease and Demographics," National Museum of Natural History

DEVELOPMENT INITIATIVES

"Development Initiatives," as reported at the last Regents' meeting, outlined a changing Office of Development and described management analysis being conducted by two outside consultants. The following will bring the Regents up to date on the reorganization and new focus of this Office.

In February 1991, Secretary Adams and Under Secretary Turner announced the appointment of Marie Mattson as the new Director of the Office of Development. Mrs. Mattson has been at the Smithsonian since 1985 and has experience as project manager and fund-raiser domestically and abroad for the "Information Age" exhibition. Subsequently, she served for two years as Special Assistant to the Secretary, during which time she developed an overview of Smithsonian activities. As Director of the Development Office, she is bringing those skills to bear on restructuring the office to better respond to the development needs of the Smithsonian.

In response to the Secretary's mandate to streamline the office and increase productivity, ten positions have been abolished, two levels of internal management have been eliminated, the long-awaited development information system has been recommended and approved and nearly one-half million dollars has been raised. Early second quarter figures show that gifts to the Institution are up 33% over last year, with $6.1 million in 1991 versus $4.5 million in 1990.

The Office of Development has also embarked on a more concerted effort of direct support for Smithsonian bureaus. Over the last two months, that effort has included assigning three development officers to bureaus (two permanently, one temporarily), lending central development staff to short-handed bureaus and working on joint fund-raising initiatives.

Mrs. Mattson briefed the Secretary and the Under Secretary on April 10, 1991 at which time she outlined the problems historically surrounding Development Office productivity, the short- and long-term goals of the office, and the specific progress to date in response to the management analysis performed by the consultants. Several interesting challenges have come to light that will require careful coordination with the many development interests at the Smithsonian. These include: priority setting among the different fund-raising initiatives, the need for development education of senior Smithsonian management, the link with an emerging marketing effort at the Smithsonian, and the feasibility of a future endowment campaign.

FEASIBILITY OF GEM COLLECTION TRAVELING EXHIBITION

The feasibility study for assessing the potentials and concerns associated with circulating the national gem collection as a traveling exhibition has now been designed. The study will look at three areas of concern:

* Public and benefactor response to the idea of the tour with special attention to the international aspects of the tour.

* Feasibility of the tour given the special security and insurance risks associated with a collection of this value and national visibility.

* Budgeting and income potential with the goal of raising five million dollars beyond the direct costs of the tour to support the renovation of the geology, gems, and mineral hall.

1. Public Response

Various constituencies and groups important to the Institution will be surveyed to gain a sense of their reactions to the idea of the collection being circulated on a national or international tour. This would include an assessment of the response among:

* the general public, exploring issues ranging from collection accessibility to foreign venues and funding to admission fees;

* the Washington, D.C. community (including local members and supporters) which, in large part, view the Museums as a local resource;

* the media, in terms of critical response to the exhibition itself as well as attendant issues of touring the exhibition abroad, placing the collection objects at risk, etc.;

* potential sponsors and supporters in terms of our ability to generate both short-term and longer-term support.

During this phase of the work a scientific study will be undertaken by a research company to measure the response to such an exhibition and its tour among the constituencies noted above. Staff will work with this company to help design the study, and interpret and apply its findings.

2. Feasibility

Staff will assess the feasibility of conducting a tour of the collection, evaluating such aspects as special requirements for security,

shipping, presentation, crating and insurance. They will examine the scope of special services needed, seek to identify potential suppliers for these components and to project costs.

Staff will also examine such issues as crowd control and traffic flow for an exhibition that will be highly popular but which is based on relatively small objects. In addition, they will seek to define the parameters of the presentation in terms of admission policies and fees, promotions and tie-ins, and the like, in order to ensure that the exhibition is presented in a manner consistent with Smithsonian policy and mandate.

3. Budget and Income

Efforts will be made to identify the potential sources and levels of income that can be generated from traveling the exhibition exclusively in the U.S. as well as an international tour. This will include an assessment of such issues as:

* Presenting the exhibitions at museums or non-traditional venues;

* touring to first tier tour cities or major population centers of the "blockbuster" circuit;

* sponsorship value both nationally and on a per-venue basis;

* alternate financing through host city government development; tourism and festival agencies;

* fund raising and membership initiatives that can be mounted in coordination with the presentation of the exhibition;

* merchandising, special promotions and cause-marketing initiatives;

* generating income through admissions, previews, receptions, fund-raising dinners, and the like;

All three areas discussed above are interrelated and will provide the information necessary to determine if such an exhibition is both a feasible and worthwhile venture for the Museum to undertake, particularly as it relates to the public response, fulfillment of the Museum's public education mandate, and its ability to generate significant income for the Museum.

If the study indicates that the exhibition program would be valuable to the Museum and the public, its findings will serve as a comprehensive road map for the development of the exhibition, providing the information needed to determine its orientation, tour sites, financial structure, public information and educational program opportunities, fund raising, membership and income-generating activities, and the like.

STATUS OF THE MITCHELL CASE

The Regents will recall their discussion of "Indemnification and Policies on Collecting for Research" at their meeting on February 4, 1991 (see Minutes, pp. 79-89). At that time it was noted that Under Secretary Turner had "asked the General Accounting Office for an opinion as to whether Dr. Mitchell's activities which are currently under investigation were within the scope of his Smithsonian employment and whether it is appropriate to use Federal funds for his defense." Additionally, as recorded in the Minutes, "In discussion, several Regents expressed their support for the actions which have been taken by the Secretary and his staff, including the suspension of further payments for legal defense until after the General Accounting Office has responded."

As of this writing (April 17, 1991), the General Accounting Office has not yet responded to Mrs. Turner's letter. While no additional Smithsonian funds have been paid for Dr. Mitchell's defense since the last Regents' meeting, it recently became apparent that Dr. Mitchell's counsel had continued to incur expenses which were billed to the Institution. By letter, copied below, Dr. Mitchell's counsel was instructed to incur no additional expenses billable to the Smithsonian until further notice.

* * * * *

C O P Y

SMITHSONIAN INSTITUTION
Washington, D.C. 20560
U. S. A.

April 9, 1991

Justin D. Simon, Esq.
Dickstein, Shapiro & Morin
2101 L Street, N.W., Suite 800
Washington, D.C. 20037

Dear Mr. Simon:

In regard to your April 5, 1991, letter to the Under Secretary, I have been asked to request that you and your firm incur no further expenses billable to the Smithsonian in the representation of Dr. Richard Mitchell until further notice. As you are aware, we are waiting for, and trying to expedite, a decision from the General Accounting Office that may affect the issues in this matter.

With regard to the bills submitted prior to this time, the Under Secretary has them under advisement, and will be reviewing them further.

Sincerely,

/s/

Peter G. Powers
General Counsel

BRINGING SYNERGY TO PUBLIC EDUCATION -- AN UPDATE

In 1990, after extensive discussions across the Institution, the Planning Advisory Group on programs and budget recommended that education become a priority focus at the Institution. The Secretary adopted the recommendation and added a fourth "Area of Emphasis" under the rubric "Bringing Synergism To Contemporary Education."

The Office of the Assistant Secretary for Public Service is charged with the responsibility of working with the Under Secretary and other senior management to formulate and to implement pan-Institutional policies and programmatic initiatives under the new Area of Emphasis. The Assistant Secretaries for Museums, Research, and External Affairs have assigned staff who meet periodically with the Acting Assistant Secretary for Public Service to discuss and plan around issues of mutual concern to their respective bureaus and units.

The staff approaches its new task with the commitment to build upon the unique ability of the Smithsonian as a non-traditional educational institution, to attract broad and diverse audiences for learning beyond the limitations of a structured classroom environment. The development of a well articulated policy will position the Smithsonian as a vital venue for major national policy debate and collaborative ventures in education.

Articulation of "Bringing Synergy to Contemporary Education" will, no doubt, reveal a complex of concrete issues and challenges as the Institution moves forward. However, at this juncture, three basic goals towards "Synergy" are being discussed and/or implemented: (1) survey and assessments of existing Smithsonian educational programs, and recommendations for more effective alignment of internal education programs and resources; (2) development of in-service and off-site programs to assist education staff in keeping abreast of their fields and innovative colleagues outside of the Smithsonian; and (3) consolidation and establishment of appropriate complimentary and collaborative relationships with outside educational institutions, organizations, and communities. Central administration is concentrating on broad policy and programmatic issues that will result in the Secretary's request "to coordinate education in such a way that it acquires a more specific identity at the Smithsonian."

An internal survey of the many and varied Smithsonian educational programs is being conducted by the Office of Elementary and Secondary Education and the Office of Institutional Studies. The survey will provide data about the number and nature of our educational programs and services, and assist the Institution in identifying what specific programs require upgrade to address better the multiple educational constituencies served by the Smithsonian.

Additional internal developments include a recently completed restructuring of the Office of Elementary and Secondary Education. The restructuring is intended to enhance that Office's work with teachers and students and its coordinating functions with Smithsonian museum-based school programs. Discussions are under way to address in a more systematic and measured way fellowship, grant, and training opportunities for faculty and students in historically Black colleges and universities (HBCU's), Hispanic

colleges and universities (HCU's), American Indian colleges, colleges and universities with significant concentrations of Asian Pacific Americans, and meritorious students and faculty in isolated areas, especially those who require basic financial assistance. The staff is also discussing if and how the Institution might further utilize educational technology internally and in conjunction with the broader educational and corporate community. In the coming months, the Assistant Secretary for Public Service will review the role and function of the present Smithsonian Council on Education as a possible instrument for assisting in pan-Institutional formulation of a well articulated, contemporary educational philosophy for the Smithsonian.

In response to the Secretary's initiative to build pan-Institutional collaboration and new directions in education, numerous new formal and informal relationships are being formed among Assistant Secretaries and bureau and program directors. A few examples of what is being done by virtually every bureau locally or nationally include:

- School Adoption Programs: the National Museum of American History has adopted the Duke Ellington School of the Arts in the District of Columbia.

- Education Network Collaboration: The Office of the Assistant Secretary for Research is providing pan-institutional coordination with the Quality Education for Minorities Network, focusing on math, science, and engineering training.

- Mentorship Program: The National Museum of Natural History is collaborating with the Howard University Regional Science Center in a program that offers outreach activities in science and engineering to District students and teachers of grades three through twelve.

- Museological/Educational Training Workshops: The Office of Museum Programs conducts regional, national, and international workshops with museums, educational, and cultural institutions to strengthen museum services to diverse publics by training individuals in theoretical and practical museological applications.

- Teacher Workshops: The National Museum of African Art conducts year-round workshops for teachers in the Washington metropolitan area, Kindergarten through twelfth grade, in the field of African art history.

- Continuing Education Program: The Campus on the Mall Program of the Resident Associates Program has created an academic campus with a structured curriculum that blends academic rigor with a multiplicity of dynamic experiences for differing styles of learning.

- Afro-American Studies Program: The nationally acclaimed program of the Resident Associates Program offers stimulating curriculum content, consistent use of audience involvement in program development, event marketing strategies, and innovative community school enrichment initiatives to Washington metropolitan area students.

This status report gives some indication of the beginning stage of implementing "Bringing Synergy to Contemporary Education" and the manifold tasks and challenges before the Smithsonian staff. Additional reports will be provided as the work unfolds.

REPORT OF THE NOMINATING COMMITTEE

Professor Heyman, speaking for his fellow members (Mrs. Armstrong and Mr. Johnson), reported on the activities of the Regents' Nominating Committee. Referring to the Committee's recent discussions and its meeting on Sunday evening, May 5, 1991, Professor Heyman noted that the Committee thinks it important to try to identify collectively leading possibilities for at least three potential vacancies in the next two years in order to make the most rational recommendations with respect to filling the very first projected vacancy on the Board.

Professor Heyman added that the Committee has determined that it should be looking primarily for truly excellent people who are broad thinking and have national and international perspectives. It is also critical that they be willing to work hard and be committed to the work of the Board of Regents and that of the Institution. With respect to the vacancy which will need to be filled by a resident of the District of Columbia, the Committee feels that it is important to enlist a member who could be a promising member of the Executive Committee because of geographical proximity. The Committee also wants to maintain and possibly enlarge the number of women on the Board while, at the same time, engaging as large an ethnic participation as possible, with some priority given to finding an Hispanic individual who meets the Board's needs. The Committee is mindful that the Board is in need of more members with corporate or financial background and experience to bring additional expertise to the Investment Policy Committee. In addition, the Committee would like to maintain or enhance the Board's broad geographical representation and has noted, for instance, the current lack of members from the Northwest, New England, and the Southeast.

The Committee also suggests that the Regents should reevaluate the prevailing assumption of an automatic reappointment for second terms for citizen members of the Board. With this presumption, the Committee has heretofore tended to shy away from serious consideration of those whose ages would seem too advanced to sustain active participation on Board affairs for a full twelve years. The Committee will consider making a recommendation of a policy in this regard at a future meeting.

Concluding his report, Professor Heyman noted that the Nominating Committee has been fortunate in having many names for consideration but could always use more suggestions -- especially those who seem to match the broad criteria outlined above. The Committee expects to come to the Board with a recommendation for at least one vacancy by its September 1991 meeting.

AMENDMENTS TO THE BYLAWS OF THE BOARD OF REGENTS

The Chancellor introduced the following proposals for amendments to the Bylaws of the Board of Regents by noting that they are presented in this agenda for discussion purposes only, with the understanding that they will be presented for further discussion and resolution at the next meeting of the Board. He characterized the proposed amendment with respect to the Chief Financial Officer as largely a technical modification which needed little interpretation. On the other hand, he noted that the proposed amendment to the section on disclosure needed additional revision because, in his view, its lack of precise applicability could lead to critical reductions in the number of Regents who are qualified to consider a matter.

The Chancellor indicated that he would prefer to work on the wording of the proposed amendment after this meeting and prepare a further revised amendment for the Regents' consideration in September. The Board offered no objection.

* * * * *

The Regents are advised that, in accordance with Section 1.02 AMENDMENT of the Bylaws of the Board of Regents, two amendments to the Bylaws are proposed for comment and for final action at the meeting of the Board in September 1991.

I. Section 2.10 DISCLOSURE.

It has been recommended that this section be amended to give more specific guidance with regard to the procedure to be followed in cases where a member might have some personal interest in a matter coming before the board at a meeting. An additional sentence is proposed, so that this section would read as follows:

2.10 DISCLOSURE

A member of the Board of Regents shall disclose in writing to the Executive committee any financial transaction or business dealing with the Institution in which such member has a direct involvement. In the event that any matter should come before the Board of Regents that might affect, or give the appearance of affecting, a financial or other material interest of a member of the Board or his or her immediate family, such member shall inform the presiding officer and abstain from participation in discussion or decision on that matter.

II. Section 5.05 TREASURER.

It is proposed that Section 5.05 of the Bylaws of the Board of Regents be revised at the September 1991 meeting of the Board to reflect Smithsonian management changes which were effected in December 1990. Section 5.05 currently defines the responsibilities of the Treasurer; the amended Bylaw would describe the responsibilities of a Chief Financial Officer.

It will be recalled that in December 1990, the Secretary established the new position of Assistant Secretary for Finance and Administration and brought under that position certain functions which had previously been assigned to the Treasurer. Those operations include Accounting and Financial Services, Financial Management and Planning, Risk Management, and Sponsored Projects. The Secretary plans to designate Nancy D. Suttenfield, the Assistant Secretary for Finance and Administration, as Chief Financial Officer. The position of Treasurer is left with the principal responsibility of overseeing the investment of the endowment portfolio through professional investment managers and short-term investments of working capital. The Treasurer will oversee these functions on a part-time basis under the general supervision of the Assistant Secretary for Finance and Administration.

The Regents should be aware that these changes are intended to strengthen financial management by bringing related functions under the oversight of one senior official rather than two; they are not a response to recent legislation requiring, among other provisions, the designation of a

Chief Financial Officer at each Executive Branch agency. The Smithsonian's Office of the General Counsel has reviewed the legislation and has determined that it does not apply to the Smithsonian. Nevertheless, the Institution plans to review each element of this legislation to determine whether certain of its provisions would be beneficial to the Smithsonian.

Recommended changes in Section 5.05 are reflected in the following text:

5.05 ~~TREASURER~~ CHIEF FINANCIAL OFFICER
In consultation with the Board of Regents, the Secretary shall ~~appoint a Treasurer~~ designate a Chief Financial Officer, who shall have charge of all funds of the Institution, keep the books of account, designate depositories for funds of the Institution and generally supervise investment of the Institution's funds as limited by section 4.02. The ~~Treasurer~~ Chief Financial Officer shall assist the Board of Regents, its committees, and the Secretary in the exercise of their fiduciary responsibilities.

In accordance with Section 1.02 on Amendment, which requires that proposed amendments to the Bylaws of the Board of Regents may be adopted by the Board if mailed to the Regents at least thirty days in advance, the formal proposal for these revisions to the Bylaws will be presented for action by the Board at its September 1991 meeting. The comments of the Regents are solicited in the meanwhile.

REPORT OF THE SECRETARY

The Secretary briefed the Regents on a number of matters which did not lend themselves to written presentations in the prepared agenda for this meeting.

Relations with the National Park Service

Mr. Adams noted that a degree of tension has arisen between officials of the Smithsonian and the National Park Service over the Institution's access to the Mall for the annual Festival of American Folklife. At issue is the degree to which the staging and execution of the Festival is detrimental to the elm trees which line the Mall. Mrs. Turner added that, as of a few days prior to this meeting, an agreement appears likely between the Smithsonian and the Park Service for the Institution's modified staging of the Festival on the Mall for the present year. She noted, however, that a longer term solution is yet to be worked out and may eventually call for a legislative remedy.

Planning for the Old General Post Office Building

Mr. Adams reported that an architectural consultant's report, which is nearly complete, is expected to confirm that conversion of the northern part of the Old General Post Office Building into long but narrow, parallel galleries that would provide adequate, although not ideal, museum space is certainly possible. Unfortunately, the fact that the total amount of space in the building represents no appreciable gain over the space now allocated to either the National Portrait Gallery or the National Museum of American Art will complicate internal decision-making regarding the relocation and provisions for growth of either entity. At the same time, it has become apparent that, with the passage of time since the Smithsonian gave its first estimate of $40 million for the design and rehabilitation of the building, the total cost may now be nearly double that amount. The Secretary indicated that he will keep the Board informed as he and his staff consider options.

The Mitchell Case

Secretary Adams reminded the Regents of their February 4, 1991, discussion of the Institution's indemnification of Dr. Richard Mitchell, a Fish and Wildlife Service employee who is under investigation for certain activities during a time when he was detailed to the Smithsonian under an inter-agency agreement. As the Regents were previously informed and as stated above in a status report, the Smithsonian has sought the opinion of the General Accounting Office with respect to the propriety of certain aspects of the Institution's assistance in Dr. Mitchell's defense. The Smithsonian has not received any response in writing from the GAO. While there have been useful discussions between their respective counsel, the Smithsonian must be prepared for any eventuality. In the meanwhile, it was noted, Smithsonian management has requested Dr. Mitchell's counsel to cease any work for which

the Smithsonian might be liable at least until a response from G.A.O. has been received; management has also asked for additional documentation for the work which has already been billed to the Institution (and is presently under advisement).

General discussion ensued, encompassing the presumption of Dr. Mitchell's innocence, the opposing viewpoints of the Smithsonian's Inspector General and General Counsel, the Smithsonian's latitude in stopping support for Dr. Mitchell's defense, and the limitations on G.A.O.'s findings with respect to proper uses of the Smithsonian's nonappropriated Trust funds.

Issues Relating to the National Museum of the American Indian: Repatriation Policies...

Mr. Adams recalled that the press has devoted a lot of attention to a highly proactive policy developed by the Trustees of the National Museum of the American Indian which mandates the repatriation of a broad band of funerary and sacred objects from the collections. It now seems that the Board of Trustees may move to reconsider that policy over a year's time. The Secretary doubted whether there would be anything significant happening with respect to repatriation in that time. In discussion it was noted that the actions of the Board of Trustees and legislative activities on repatriation are being watched carefully by the Smithsonian's own National Museum of Natural History as well as a good many museums across the country.

...And the Renovation of the Custom House

Mr. Adams and Mrs. Turner brought the Regents up to date on the status of agreements with the State and City of New York for their share of funding for the renovation of the Custom House to accommodate the Heye Center of the National Museum of the American Indian. While discussions with both the State and the City seem promising, there remains a concern about the abilities of

both jurisdictions to produce the funding under current economic and financial conditions. Several Regents expressed the view that, if at all possible, the Smithsonian's planning for a Mall museum in Washington should not be held hostage by delays in completing the renovation of the Custom House in New York. The Secretary agreed, but suggested that the question warrants further study which he will undertake.

The Exposure Draft of the Financial Accounting Standards Board

At the Secretary's request, Mrs. Suttenfield briefed the Regents on certain aspects of the recent Exposure Draft of the Financial Accounting Standards Board which are especially troublesome to the Smithsonian. These include requirements for the capitalization of museums' historical and art collections as assets, for the valuation of services contributed by volunteers, and for the valuation and recording of long-term pledges in the year received by the Institution. In a Smithsonian response which focuses on these three issues and pointedly criticizes the first issue, the Institution's position emphasizes the sheer impracticability of placing a value on collections of the size and unique quality of the Smithsonian's as well as the costs, which would far outweigh the benefits of putting this information in the financial statements. Mrs. Suttenfield concluded by noting that the Smithsonian will be represented at a hearing before the Financial Accounting Standards Board in July.

Study on Locating a New Fulfillment Center

The Secretary indicated that progress is being made in the preparation of a study on the advantages and disadvantages of locating a new Mail Order fulfillment center in nearby as well as remote locations. The first parts of this study, which focus on the costs and benefits of locating the center in

West Virginia, are expected to be completed prior to September, by which time an initial report will be presented to the Board.

SPECIAL PRESENTATION AND DISCUSSION: REPORT OF THE ADVISORY COMMITTEE OF THE AFRICAN AMERICAN INSTITUTIONAL STUDY

At Secretary Adams' request, Mr. Freudenheim introduced for discussion the Report of the Advisory Committee of the African American Institutional Study which was distributed to the Regents for their consideration in advance of this meeting. In Mr. Freudenheim's view, this study has been extraordinary in the degree to which it engaged and now reflects the concepts and ambitions of a very broad community of interested parties.

At Mr. Freudenheim's suggestion, Ms. Brown summarized the work and findings of the Advisory Committee. She noted that, first convened in January 1990, the Committee consisted of 22 historians, educators, cultural administrators, business people, and others brought together for the purpose of considering what type of institutionalized presence there should be for African Americans at the Smithsonian and on the Mall. The Committee subsequently met on four occasions through January 1991 to consider all of these issues.

Ms. Brown said that the Committee began by looking at model institutions, including a university museum (the African American Museum at Hampton University -- where they were especially interested in the affiliation with the University because the Committee imagined parallels in a relationship of a museum within the Smithsonian), a history museum, an art museum, and a research center and archive. The directors of these institutions spoke to the Committee about various problems, collections issues, missions and how those missions had changed over the years. The Committee also met with directors of

ethnic heritage museums, from whom they developed a sense of the importance of being able to address African American issues while, at the same time, being able to see those issues in a broadly American context -- in essence, a sense of how an ethnic heritage museum can be effective for the target community as well as for the general population.

Ms. Brown added that the Committee also talked about a "National African American Trust," which had been delineated in the legislation first proposed by Senator Paul Simon and Congressman John Lewis. The Committee believed strongly that, once a new museum or research entity was created, support and collaboration with existing African American museums would continue to be needed. They adopted this position with a sense of enthusiasm for the effective work currently carried out by the 120 African American museums, often with seriously inadequate funding and staffing. In their final meeting, the Committee examined board structures with the assistance of a number of Smithsonian museum directors and Roger Mandel, Deputy Director of the National Gallery of Art. Out of these discussions, the Committee developed a sense of the structure that museum oversight might take.

Ms. Brown concluded her overview by stating that the Committee had arrived at four unanimous recommendations: (1) that there should be a free-standing African American museum at the Smithsonian, (2) that the museum should be housed in the Arts and Industries Building, (3) that the board structure ought to follow the model of the National Museum of the American Indian, and (4) that a National Trust for African American Museums should be established, with an institutional affiliation to be recommended by the African American Museums Association.

In discussion, the Secretary pointed out that the Advisory Committee's study is strictly conceptual, as it does not speak to process, cost,

collections, and the duration of the effort that would be required to bring the museum to fruition. Accordingly, the Regents' acceptance of the report should be "in principle." He went on to explain that there remain major questions about what to do with the American History Museum collections presently in the Arts and Industries Building and the amount of interior renovation that would be required in that building.

Continuing the discussion, the Regents emphasized the need to identify core collections for such a museum with a great deal of care and sensitivity, both to ensure the development of reliable information about the availability of substantial collections and to avoid antagonizing existing museums. The complications inherent in identifying collections in advance of having an authorized museum were discussed. The Regents noted that the notion of the Trust for African American Museums runs the risk of conflict and difficulty, if previous collective efforts to raise funds for similar institutions are any guide; the idea of a Trust was not received with enthusiasm. At the same time it should be noted that the acceptance of this new National African American Museum will inevitably raise political expectations for additional ethnic museums within the Smithsonian complex.

The Regents discussed the suggested structure of the board and oversight of the museum. It was emphasized that, while legislation introduced earlier in the Congress had envisioned oversight and affiliation outside of the Smithsonian and its Board of Regents, the Advisory Committee felt strongly that the museum should be established within the Smithsonian and under the ultimate oversight of the Board of Regents. The Secretary stressed the importance of this distinction in the Regents' acceptance of the Advisory Committee's report.

Concluding this discussion, the Secretary noted that it is anticipated that the staff can develop a prospectus for national African American collections for the Regents' consideration at their September 1991 meeting.

Accordingly, the following motion was suggested and approved:

> VOTED that the Board of Regents endorses in principle the April 1991 findings of the Advisory Committee for the African American Institutional Study and stands ready to support the establishment of a national African American museum on the Mall. Consistent with Smithsonian policies in establishing such museums, a necessary first step is the identification of core collections for it. Accordingly, the Board of Regents encourages the Secretary to commission such a study as soon as possible.

NATIONAL CENTER FOR BIOLOGICAL DIVERSITY

At the Secretary's suggestion, Dr. Hoffmann introduced the following report on the prospective National Center for Biological Diversity. He indicated that the Smithsonian's committee has been evaluating the contractor's report and suggestions of alternative models for the establishment of a Center. One model would be on the order of the National Center for Atmospheric Research, a consortium which would have its center, in effect, outside the Smithsonian -- although the Smithsonian would have a lead role within that consortium. A second model might be called the National Gallery model; the center would be established under the Smithsonian umbrella but outside of the Board of Regents. A third model would be more traditional in its Smithsonian context, where the center would be a bureau of the Smithsonian with generally independent responsibilities and with a board of directors which would be subject to the mandate of the Board of Regents.

In discussion Dr. Hoffmann spoke of the need for a center and the Smithsonian's role in it. He pointed out that the proliferation of activities in environmental and biological diversity studies requires some central

coordination among the universities, state agencies, state biological surveys, and various Federal agencies. With such a tremendous amount of work going on, there is no single place where a policy-maker can go to be directed to the appropriate database or where one can identify gaps in knowledge and activities related to systematics, geography, and the survival or modification of natural systems. The concept of this national center is not one of primary research but rather one of coordination, a center where a database of databases will be maintained, and where gaps in knowledge will be identified. It will not be in competition with present efforts anywhere but will be the communications and coordination center for nationwide and, indeed, international efforts. The Secretary added that every effort is being made to ensure that the Smithsonian does not become a quasi-governmental agency in the sense of directing funds to any of those efforts. This center is expected to be essentially a data-providing service.

After Dr. Hoffmann noted that the staff has been working to identify the most acceptable model prior to a May 22, 1991, Congressional hearing on related legislation, the Regents expressed the view, and the Secretary agreed, that the Smithsonian position on the most desirable model should be made by the Board of Regents at its next meeting, if possible. In the meanwhile, the Secretary and his staff will indicate to the Congress and other interested parties that the Board of Regents has not yet had a chance to consider fully the options available.

* * * * *

The Regents will recall the discussion at the winter meeting on biodiversity and global change led by Assistant Secretaries Hoffmann and Lovejoy. Part of the discourse surrounded issues related to legislative efforts to establish a National Center for Biological Diversity and the Smithsonian's interest in playing a central role in these developments.

Over the course of the past year, the Institution has been engaged with an outside contractor, the Association of Systematics Collections (ASC), and

with its own internal staff in formulating a plan for such a Center, based on the Smithsonian's strengths in biological diversity sciences. At the beginning of April, the Institution received a final report from the ASC outlining several proposed models for the Center, as well as a description of its proposed functions. The Institution is in the process of analyzing these recommendations as part of its own larger efforts towards designing a model appropriate for Smithsonian participation. The internal working committee lead by Frank Talbot, Director of the National Museum of Natural History, hopes to develop such a plan by the end of May, and to make these recommendations known to the Secretary for communication to the Board of Regents. It is anticipated that the Smithsonian's recommendations will be shared with Regent Moynihan, who has introduced legislation on this subject in the Senate, and also with Congressman Scheuer, who has introduced similar legislation in the House of Representatives, in order that the Institution's views may inform the broader discussion of this issue. Interested constituencies, including several Federal agencies, environmental organizations, and industries, will also receive these recommendations, so that they might assist in developing a concept for the National Center that is broadly acceptable.

THE NATIONAL COLLECTIONS AND GEOGRAPHICAL DISPERSION OF SMITHSONIAN OPERATIONS: A PRELIMINARY DISCUSSION

Introducing this topic and the paper below, Secretary Adams observed that the public response to his March 1991 Smithsonian Magazine "Horizons" column does not indicate a high level of public concern over the issue. While there was a preponderance of opinion that, over time, some kind of dispersion of Smithsonian activities would be desirable, the mail has not been voluminous. In the Secretary's view, it has been beneficial to recognize this issue and to begin to account for the great number of complexities, indeed bear traps, which are inherent in it and which need to be carefully considered.

At the Secretary's invitation, Mr. Freudenheim offered his perspectives. After apologizing for the word "dispersion," which seems not to have the most positive connotations, he suggested that the Smithsonian should take the initiative in analyzing this issue before conclusions about it are drawn by other, more self-interested constituencies. To approach meaningful policy

discussion, Mr. Freudenheim pointed out that two major tasks should be undertaken: first, the staff should do an exhaustive study of all the Smithsonian activities which are already serving people across the country and, indeed, overseas (as the paper below indicates, the Smithsonian seems to offer an impressive array of such activities); second, the staff should bring to the Regents' attention the most significant ideas and types of suggestions that have surfaced internally and from around the country over the years. Clearly, ideas involving joint ventures or networks in areas of current Smithsonian interest would seem attractive. One can also imagine a vast array of Smithsonian activities that could serve the country more broadly without incurring great expense for additional facilities. It may be important to identify the extent to which it is in the Institution's best interests to engage in such activities rather than simply measuring the interests of other organizations. At the same time, the staff should come to grips with the problem of how to deal with this policy issue and with specific proposals openly without being subjected to public pressures which could distort rational processes and decision making. Concluding his remarks, Mr. Freudenheim suggested that the staff should bring to the Regents at their next meeting a more detailed plan for a comprehensive study of this matter. In the meanwhile, he added, the views of the Regents would be most appreciated.

Offering an example of the kinds of issues that are inherent in the consideration of joint ventures in remote operations, the Secretary alluded to discussions which have been held between the Carnegie Institution of Washington, the Smithsonian, and the National Aeronautics and Space Administration with respect to the preservation of and public access to a 100-inch telescope which has been atop Mount Wilson since nearly the beginning of this century. Against a backdrop of severe fiscal constraints in all three

organizations, the Smithsonian is certainly not in a position to offer anything more than advice on how an attractive and highly educational museum of the universe, or some such concept, might emerge out of this opportunity.

In discussion which ensued, the Regents offered several suggestions. First, it was observed that in the present fiscal climate it is highly unlikely that any significant new initiatives involving incremental increases in expenditures would gain support in the Congress, particularly if the real costs for the life of the project are articulated. It was suggested that the Smithsonian might usefully explore means -- especially electronic means and those of interactive media -- by which much of the Smithsonian can be linked with institutions through networks all across the country. In response, the Secretary noted that at least one bureau of the Smithsonian, the National Museum of the American Indian, has envisioned and begun to explore exactly these kinds of linkages to reach out to the Indian communities with video materials and on-line data transmissions.

The Regents noted that, under current economic conditions, increasing numbers of arts organizations, particularly museums, are likely to experience severe fiscal hardships over the next several years. They suggested that the Smithsonian should develop a general position which would serve the interests of the Institution in responding to a predictable increase in ad hoc proposals from other organizations for assistance and affiliation. The Secretary indicated that the staff would draft such a policy for the Regents' consideration at their September 1991 meeting.

* * * * *

Introduction and Summary

The notion of the Smithsonian dispersing itself nationally in some permanent physical way has been discussed since at least 1901, when the Institution turned down an offer by the territorial government of New Mexico to take over the Governor's palace. Since then there has been some branching

out to other locations, but each instance was the result of unique research and collection initiatives and opportunities, rather than as expressions of a general policy to disperse Smithsonian activities. Recently renewed interest in Institutional outreach mandates, coupled with intensified demands being made on the Smithsonian, suggest that the matter of dispersion ought once again be discussed thoughtfully and comprehensively.

Prudent management of this issue suggests a two-phased approach:

*an inventory and evaluation of ongoing non-Washington-centered Smithsonian activities (some of which are briefly discussed in the overview below), and

*an assessment of the various suggestions and opportunities which frequently arise, and which must be examined in relation to broad Smithsonian goals and policies for the future, as well as in terms of their implicit fiscal implications.

This paper presents a brief overview of both aspects, as a means of explicating briefly the range of topics which might be included in a comprehensive study. With the Regents' concurrence, staff intends to undertake such a study over the next year, with a goal of bringing to the Board of Regents the full level of background that will provide the basis for informed long-range policy decisions in this important area.

I. History

The Smithsonian Institution Archives house extensive background materials that record early "branch" proposals as diverse as Ellis Island, West Virginia, Cincinnati, Omaha, Illinois, Seattle, San Diego, San Francisco, and Arkansas (among others). More recent invitations have come from Los Angeles, San Diego, San Francisco, Honolulu, Kansas City, and Louisville. Secretary Adams' "Horizons" column in the March 1991 Smithsonian magazine (a copy of the column appears at the end of this text) on this subject has brought forth a further array of imaginative suggested venues.

II. Current Activities

A. Facilities

The Smithsonian has long been operating in a national and "dispersed" manner in regard to a vast array of activities. Indeed, given the wide range, it is difficult to organize a briefly inclusive list. The Institution has operated a museum in New York for the past twenty years (Copper-Hewitt Museum), and has just taken on another (National Museum of the American Indian). The Smithsonian's Archives of American Art maintains branch offices in Boston, New York, Detroit, San Francisco, and Los Angeles, and recently added a small exhibition facility to its New York research/collecting center. Smithsonian Astrophysical Observatory operates in Cambridge and Arizona, Smithsonian Tropical Research Institute in Panama, Smithsonian Environmental Research Center in Maryland, and the Marine Station in Florida; other Smithsonian research projects are located in widely dispersed locations, from Manaos to Madagascar.

B. Exhibitions

Through the Smithsonian Institution Travelling Exhibition Service the Institution annually reaches approximately 10.4 million people in America, with about 100 exhibitions constantly on the road, going to about 12 locations each. In addition, most of the Smithsonian's museums also organize exhibitions which regularly circulate to museums around the country, and sometimes abroad.

C. Networks

Smithsonian research information has always been available through publications, but various computerized networks (RLIN, OCLC, NREN, etc.) are in place or in planning stages in ways that will widely expand access to the holdings of Smithsonian Institution Libraries, Archives of American Art, other archival holdings, and the full range of museum collections -- especially when the Institution's Collections Information System(s) become accessible to outside networks.

D. Publications

A sample range of publications must begin with Smithsonian magazine, given its mammoth subscription list. But the Institution hosts other national publications as well, among them the journals of the American Studies Association and the Society of the History of Technology, Asian Art, American Art Journal, etc. And, of course, Smithsonian Shops market all sorts of highly specialized and general audience publications about the Smithsonian, whether or not they originate with the Institution. From Art to Zoo, Research Reports, and numerous other Smithsonian periodicals reach specialized audiences nationally, which is also true of Smithsonian World, Radio Smithsonian feeds, and various occasional programs which the Smithsonian initiates or sponsors in the electronic media.

E. Public Information

The Office of Public Affairs provides information to the press nationally, both about Smithsonian activities and through its own news syndicate. Smithsonian Institution Press publication lists range widely and make available research (the Institution's and others'), while also giving popular access to Smithsonian collections. This includes music (classical, jazz, folk, and popular), and video recordings, which are produced by others as well as by the Smithsonian. Through retail sales (in-house and mail order), the Institution reaches countless people, as do its various licensed products.

F. People/Programs

Any inventory of the Smithsonian's national/dispersion role must include the interaction of people -- again a complex series of categories. Smithsonian National Associates Program activities and tours reach people all over the country, enabling them to participate in "the Smithsonian" in their home towns, in Washington, and around the world. The Office of Secondary and Elementary Education undertakes regional

workshops to strengthen ties between museums and school systems. The Institution is broadly inclusive in its use of non-Smithsonian people participating on its many boards and advisory groups, standing and ad hoc, who help develop a variety of policies. Similarly, many Smithsonian staff are active in national/international organizations, often sitting on boards and advisory groups in their fields, or holding joint or temporary research and/or teaching appointments elsewhere. Indeed, it is probably fair to say that Smithsonian scholars and administrators play leadership roles in most of the specialized fields addressed by the Institution.

Given all of the foregoing, how can one argue for even more visibility/presence of the Smithsonian around the country? Since requests, suggestions, and invitations arrive with some regularity, and the Secretary's call for new ideas has even increased that flow, the issue is not about to disappear. Moreover, given dissimilar yet concurrent developments in connection with branches or extensions of the National Museum of the American Indian and the National Air and Space Museum, it is natural that the question reappears more vigorously at this time.

III. Other Issues

There are also other factors which need to be included in whatever equations are developed on this topic:

*Major inadequacies in space with which the Smithsonian must manage collections in accord with its public trust;

*Space problems at virtually every one of its facilities, often involving the inability to give the public and scholars adequate access to its holdings, while also restricting work spaces for collections-based research;

*Ongoing discussions centering on the old General Post Office building, regarding serious requirements of the National Museum of American Art, and the National Portrait Gallery, which suggests expansion for each of these units;

*Major deferred maintenance and improvements at the National Museum of Natural History, which will ultimately also expand those facilities.

*The Suitland Master Plan, which is currently under way and addresses a wide range of needs;

*The newly-proposed National African American Museum on the Mall (presumably in the Arts & Industries building);

*Anacostia Museum discussions about location (or relocation), which are the focus of the mandate for the newly-arrived director;

*Renewed interest in access issues, including how much of the taxpaying public is (or should be) served by an organization primarily based in Washington.

Taken together, all of these clarify why the so-called "dispersion" question is now arising with more force, and why this is a subject for serious study prior to the development of long-range policies regarding further Smithsonian physical presences around the country.

IV. Options

The following list is neither in any special order nor inclusive, but rather means to suggest some of the possible Smithsonian "presences" or "dispersions" which have arisen in various discussions, letters from the public, or proposals developed in the past:

*Distinct "branch Smithsonian Museums" could be set up in any number of places. These could be devoted to a single subject or to a survey of the Smithsonian's holdings.

*Cooperative ventures could be entered into with existing museums, science centers, etc., to share Smithsonian collections in a very assertive way. Since a large number of loans (long- and short-term) are already in place with many institutions, this would be more in the nature of an up-front collaboration.

*Joint ventures of another kind might include using Smithsonian staff and prestige to help save sites (e.g., historic or industrial) that might be turned into museums or visitor centers.

*An exhibition facility network could be developed (akin to the "kunsthalle" concept), consisting of several strategically located and large exhibition halls which would be available for major Smithsonian exhibitions, to remain on view for extended periods of time (e.g., 1-2 years), and then move on to another facility -- in a sort of round robin. These venues could also be used for major SITES exhibitions.

*Special SITES-designated facilities could be developed to accommodate the existing series of SITES exhibitions, to assure greater penetration throughout the country in places which the Smithsonian selects to be visible. (In some sense, this is happening with SITES' current ongoing program reconfiguration.)

*New collections might be offered, which the Smithsonian wants, but which carry site restrictions. If the offers were sufficiently attractive, then the Smithsonian would need a policy that might accommodate idiosyncratic circumstances. In fact, both the Cooper-Hewitt Museum and the National Museum of the American Indian really represent those kinds of opportunities, taken on because they were viewed as enhancing the Smithsonian, in spite of the problems/challenges accompanying them.

V. Caveats

If the Smithsonian were seriously to examine these (and other) options, another series of questions would have to be taken into consideration:

*Whose "interests" are being served? Is the Institution primarily looking after Smithsonian interests? Is there some dispersal concept that runs in tandem with the notion of "the Smithsonian's interests?"

*Who is proposing the dispersion concept (inviting the Smithsonian, etc.)? Does it matter whether a proposal comes from a municipal, county, or state entity, a Chamber of Commerce or a private developer?

*Is the proposal motivated by an external need, (e.g., to find use for old buildings), or does it come from the community's cultural or educational needs and interests? Does it matter?

*How would a distinct Smithsonian presence impact on existing cultural organizations in the community? Would the Smithsonian enhance what is there and be welcome, or would its presence threaten and/or dwarf other established activities?

*How "political" does the Smithsonian want to become? Is there a way to open up this subject on Smithsonian terms, and thus avoid pork barrel fights in Congress? Would such arguments ultimately undermine primary (and existing) Smithsonian functions and appropriations?

*What are the costs? Who will pay the costs? What kind of assurance is there for funding in out-years? Is there an assumption that Congress will ultimately get stuck with the bill? Are there strong local funding networks (e.g., government, private, corporate, foundation) which make a proposal seem realistic? Has a full examination of capital and operating costs been undertaken?

*What are the decision points in even examining the possibilities listed in this paper? How open can such a discussion become before suggesting publicly that there is an expansion plan under way (even when there isn't).

It can be assumed that there is general agreement about the Smithsonian's national role as both valid and essential. Presumably there is also consensus about the importance of most, if not all, of the activities currently under way, as listed above. So the potential issue is whether there ought to be more, and probably the specific question centers around "branch" activities of some kind, rather than a general expansion of what is already taking place (which tends to expand over time anyway).

That raises a critical question about the Smithsonian museums' research collections, with which this paper concludes. Since the Smithsonian collections are so expansive and varied, it is impossible to generalize about them. The Institution's holdings represent not only a variety of collecting fields, but also similar and/or related materials collected for different reasons and from varied (sometimes even conflicting) points of view. As one of the world's foremost research institutions, the Smithsonian's collections are the core materials around which much of the research is conducted. All of that activity is often quite separate from the exhibition function, even when research underpins the reasons for the exhibiting choice and for the information conveyed. Thus there is probably an underlying assumption that an ideal situation is one in which all collection materials are close at hand at

all times -- accessible not only to Smithsonian researchers, but also to those who visit. Yet it can also be argued that extensive collection dispersion could be undertaken with little or no impact on research or collection management issues. (For the purposes of this paper, this argument is only theoretical, and does not claim to take account of the physical and cost issues involved.) That is not to say that all collections would lend themselves equally to dispersion.

*Some collections are simply too small to break apart in any meaningful way;

*others are too fragile;

*some are far too valuable (but that is a difficult term, since both collection value and monetary value are often carefully re-examined and discussed).

Moreover, there is probably a misperception about the Smithsonian's holdings among many proponents of branch museums that the art collections are like an iceberg, with only a fraction of the masterpieces on view. That is simply not true in general, and in any case the art collections do not numerically account for the mass of the Institution's holdings -- which is also probably not generally understood.

A careful survey of the Smithsonian's many fields of collection might well identify a significant number of objects which could be displayed away from the Institution, with little or no negative effect on research or collection maintenance (assuming appropriate facilities elsewhere). This is not the place for such an inventory, although that would be a necessary component of any study to be undertaken. While any conclusions would not necessarily lead to validating a network of mini-Smithsonians around the United States, there are likely to be instances where materials which could better be shared with the American people in ways that might even enhance Smithsonian collection management responsibilities, while doing no harm to what is seen as the Institution's core mission.

Serving the American people may be part of that mission, yet that does not address larger philosophical questions regarding the Institution's frequently misunderstood role as a "Ministry of Culture" -- a role the staff generally rejects, even when it is thrust on them. Nor does this necessarily embrace the subtle, but central, iconic nature of the Smithsonian-on-the-Mall. These are among the further questions that should be included in next steps, which would more completely outline the kind of study that presents a fair examination of the full range of issues involved in any dispersion discussion.

Secretary Adams' comments

Smithsonian horizons

A population shift to the Sunbelt, as recorded in the latest census, prompts questions on the Smithsonian's future

The recently published findings of the 1990 census were accompanied in many newspapers by a map of the United States, redrawn to make the size of each state proportional to its population. This arresting depiction adds a newly massive Floridian thumb but otherwise leaves few but the largest coastline states recognizable by their shapes. Nothing could make clearer the cumulative impact of an extraordinary migration into the Sunbelt that now has almost an eighth of our entire population living in California.

That last result, coupled with the confident, further demographic projection that Los Angeles will surpass New York City's metropolitan population early in the new millennium, prompts some thought on the Smithsonian's own line of future development as a complex of national museums. It has long been our policy to concentrate our museum efforts in and around the national capital. Different criteria apply to research facilities, while the New York elements of the National Museum of the American Indian and the Cooper-Hewitt are exceptions arising from legal constraints on those great collections.

Encouraging public visitation of the seat of government by concentrating in this way is, after all, a valid objective of public investment. Other compelling arguments for the same course of action are based on economies of administration and on facilitating exhibition and scholarly study by concentrating rather than dispersing individual collections. Difficulties also can be foreseen in selecting among alternative expansion proposals that would surely follow any opening of the door to even one of them. But at what point, if any, should the ongoing redistribution of our citizenry farther and farther away from Washington bring new and potentially countervailing considerations into play?

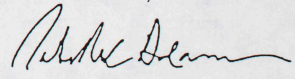
Wholesale transfer of existing facilities seems most unlikely. On the other hand, I do not think it would be unreasonable to adopt a different locational rationale if a proposal came along that raised no question of dividing or moving present collections. The Hirshhorn Museum, the National Museum of African Art, the Arthur M. Sackler Gallery, and now the onset of planning for the Museum of the American Indian all illustrate a pattern of growth largely governed by the addition of new collections. Who knows what exciting new opportunity might attract sufficiently broad support to go forward—not under present circumstances, to be sure, but, say, a decade or more hence?

The Smithsonian's Board of Regents is its governing and policy-making body. Were it to opt for a major new initiative, Congressional approval would then be sought through the authorization and appropriations processes. Authorizing legislation often represents expressions of intent that are not immediately pursued; 15 years elapsed between the authorization of the National Air and Space Museum and the initial appropriation for its construction in 1972. Matching private contributions also may be needed, as they were for our Quadrangle, and as we have just begun to seek for the new American Indian museum. But appropriations are where the rubber really meets the road for ideas to move beyond the discussion stage and into a serious planning process.

Grant the proposition (if only for the moment) that eventually some regional diversification of the Smithsonian is likely. Still, that need not occur only by additions of bricks and mortar under the Institution's direct control. The legislation for the American Indian museum, for example, anticipates extensive training functions, information exchange on collections, assistance with exhibits, and other support activities on behalf of regional and community museums and other native-American organizations. A similar concern for cooperating with—thus strengthening rather than competing with—existing museums has been raised by a committee that the Smithsonian has convened to consider prospects for a new African-American facility. New, Information Age technology can greatly facilitate such "networking."

There are, in short, plenty of cons as well as pros. But it is at least plausible to consider whether the Smithsonian should one day establish some sort of West Coast foothold (beyond the small offices currently maintained in Los Angeles and San Francisco by our Archives of American Art). As the population balance shifts West, such a presence could help in finding better ways for the Smithsonian to track and represent the proliferating expressions of our country's diversity. But budgetary considerations alone are sufficient to suggest that initially this could be at best a very small-scale effort—a listening post, perhaps, or a standing invitation for a dialogue.

These musings are more tentative than most that appear in this column. No new policy is likely either to embody them or set them aside without a lengthy deliberative process that has not even begun. But a concern for the long run, however provisional it must be, is integral to the Smithsonian. Hence the opinions of readers will be warmly welcomed.



EXTENSION OF THE NATIONAL AIR AND SPACE MUSEUM

The Secretary introduced the following report and proposed motion by recounting recent discussions that have led to a reduced scope of the planned Extension of the National Air and Space Museum. By cutting to almost half the amount of space to be developed at Dulles Airport, the current proposal would leave beyond any reasonable framework of planning the ultimate scope of the project. The need to move ahead with the Extension is based on the need to conserve the Smithsonian's air and space collections.

In discussion, it was pointed out that the staff has made considerable progress in representing the project in the Congress. Certainly Chairman Yates indicated a favorable reaction to the reduction in the scope of the project, and it is thought that, with the Regents' endorsement of the current scope, Chairman Yates might be willing to release funds earlier appropriated for continued planning in the current fiscal year. No further planning funds will be sought until fiscal year 1993.

The following motion was suggested and approved:

> VOTED that the Board of Regents concurs in the plan for a reduction in the scope of the Extension of the National Air and Space Museum to be located at Washington Dulles Airport and requests its Congressional members to introduce and support legislation authorizing appropriations for its detailed planning and design.

* * * * *

Since the February 4, 1991, meeting of the Board of Regents, the subject of the National Air and Space Museum Extension has been addressed at two hearings of the House Appropriations Subcommittee on Interior. Testimony at both hearings concentrated on issues raised by the General Accounting Office (GAO). As reported in the March issue of the Newsletter to the Regents, the special hearing on February 5, 1991 provided an opportunity for the GAO to express its concerns about the methodology of site selection that led to the Board of Regents decision regarding Dulles Airport. Following that hearing, Under Secretary Carmen Turner, National Air and Space Museum Director Martin Harwit, and other staff met several times with GAO representatives to discuss and resolve those concerns.

At the end of this agenda paper are copies of letters to Subcommittee Chairman Yates from Mrs. Turner and L. Nye Stevens of GAO, dated March 18 and 20 respectively. These letters were discussed at the Institution's appropriation hearing on March 21, 1991. The Smithsonian's letter speaks to the basic issues in contention (scope of the Extension, clarification of reasons for a nearby location and comparison of the three principal offers, Dulles, BWI, and Stapleton). The GAO's letter concludes that the choice of Dulles as the preferred site can be defended objectively by the Smithsonian. Representative David Skaggs (D-Colorado), expressed continued skepticism with the validity of the cost analysis.

As will be noted in Mrs. Turner's letter to Mr. Yates, the Institution has reduced the scope of the Extension, restricting it to the Museum's immediate need to protect, preserve, and restore its collection and to provide public access to elements of it that are not now readily available. This facility of approximately 670,000 gross square feet can be built at an estimated cost of $162 million if construction begins by 1993. Such a facility would permit collections currently stored in sub-standard shelter at the Museum's Garber facility in Suitland, Maryland, and airplanes, space craft, and other artifacts kept outdoors at other sites to be safely housed in hangar-like structures built to museum standards. This will ensure the preservation of historically significant artifacts for future generations, while permitting access by present day scholars and the general public.

The Extension will provide restoration space capable of handling the largest artifacts in the collection in full view of visitors and will include modest amounts of space for educational activities, a theater, a museum shop and food service. These areas are essential in order for the Museum to generate support from local communities for building the Extension. In planning for the Extension, provision will be made for basic infrastructure should expansion in the next century be contemplated.

If these changes in plan are approved by the Board of Regents, the House Appropriations Subcommittee on Interior will be asked to release its hold on the expenditure of available planning funds. This will permit the Institution's consultant, Hellmuth, Obata and Kassabaum to resume and complete work on the Dulles master plan and environmental impact statement, which will require about ten months. In addition, the Congressional Regents will be asked to introduce and support legislation authorizing appropriations in fiscal year 1993 for the detailed planning and design of the Extension. A draft bill appears immediately below.

The following motion is suggested:

> VOTED that the Board of Regents concurs in the plan for a reduction in the scope of the Extension of the National Air and Space Museum to be located at Washington Dulles Airport and requests its Congressional members to introduce and support legislation authorizing appropriations for its detailed planning and design.

* * * * *

D R A F T

A B I L L

To authorize the Board of Regents of the Smithsonian Institution to plan and design an extension of the National Air and Space Museum at Washington Dulles International Airport, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that the Board of Regents of the Smithsonian Institution is authorized to plan and design an extension of the National Air and Space Museum at Washington Dulles International Airport.

Sec. 2 Effective October 1, 1992 there is authorized to be appropriated to the Board of Regents of the Smithsonian Institution $9,000,000 to carry out the purposes of this Act.

SMITHSONIAN INSTITUTION
Washington, D.C. 20560
U.S.A.

March 18, 1991

The Honorable Sidney R. Yates
Chairman
Subcommittee on Interior and Related Agencies
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

At the February 5th hearings held by the Subcommittee on Interior and Related Agencies on the Smithsonian's long range plans, I promised to provide you with a response to the General Accounting Office testimony on the site selection process for the National Air and Space Museum Extension.

Over the past few weeks, members of the Institution's staff and I have held a number of meetings with General Accounting Office staff, to discuss issues raised by the GAO testimony. The discussions centered on three broad questions the GAO testimony had raised, on the scope of the project, the criteria used in deciding on a site, and the assessment of the actual value of each site offered the Institution. As a result of our meetings, we feel that we have reached agreement on all three of these issues:

1. The Institution has reduced the scope of the Extension, restricting it to only the Museum's immediate needs to protect, preserve and restore the collection and provide public access to significant portions of the collections. This reduces the overall cost to $162 million, just under one half the originally estimated overall cost.

2. The Institution clarified its need for a nearby extension. The criteria for evaluating sites was based upon program needs to keep the collection intact and ideally it would have been best if the extension could have been constructed on the Mall, adjacent to the present museum, much as the National Gallery of Art some years earlier had built its East Wing on the Mall. Unfortunately, the large airplanes and spacecraft in the Museum's care cannot be removed from an airport and brought downtown. Our next best choice, therefore, was to seek

construction at the nearest airport having suitably long runways, sufficient area for the Museum's needs and support from airport and local authorities. We believe that we now have better articulated the ways in which the Dulles International Airport meets all of those requirements best.

We believe we have also formulated a more comprehensive statement on the effects of splitting the National Air and Space Museum into a local and a remote facility. Such a split would have a severe programmatic impact. Locating the Extension within easy access of the Museum in the Washington area would permit anyone to visit both facilities in a single trip. Building an extension, at a site like Denver's Stapleton airport or at any of the other remote locations that have generously offered their help, would have the effect of distributing the Smithsonian collections between two facilities that could not provide as comprehensive and balanced view of the history, technology and social impact of aviation and space flight, as is possible with a single museum in charge of a nearby extension.

3. The Institution produced detailed figures to show that the offer made by the Commonwealth of Virginia affords the best dollar value, though the State of Maryland's offer of a site at the Baltimore-Washington International Airport came close. The Institution's run-out projections also show operating costs that are significantly higher at remote locations, since these facilities need to be operated as free-standing museums with additional support staff.

We believe that our discussions with GAO have been fruitful and that we have responded to their concerns.

Sincerely,

Carmen E. Turner

Carmen E. Turner
Under Secretary

cc: L. Nye Stevens, GAO

Enclosure

SMITHSONIAN INSTITUTION RESPONSE TO THE GENERAL ACCOUNTING OFFICE REPORT ON THE SITE SELECTION FOR A NATIONAL AIR AND SPACE MUSEUM EXTENSION

Executive Summary

Smithsonian Institution management has held three informative meetings with members of the General Accounting Office staff, over the past few weeks, to resolve issues raised by GAO testimony at the February 5, 1991 hearings on Smithsonian long-range plans, conducted by the Subcommittee on Interior and related Agencies of the Committee on Appropriations.

In these meetings the Institution and the GAO reexamined the scope of the extension, reviewed the project siting based on programmatic and other needs, and reevaluated the different sites offered, in terms of a 30 year present value analysis. The following represents our conclusions on these issues:

o The scope of the extension can be reduced to meet the Institution's immediate needs, at a total cost of $162 million. A part of this cost would be borne by the host state, with further contributions anticipated from private donors and industry.

o The National Air and Space Museum's programmatic needs can best be met by an extension sited in close proximity to the parent museum on the mall.

o The best-value site for the extension is the Washington Dulles International Airport.

These conclusions are justified in more detail, below.

1. Project Scope

Studies carried out on behalf of the Smithsonian Institution, show that a reduced-scope National Air and Space Museum Extension encompassing all of the Museum's immediate needs by replacing the present Garber facility, providing adequate facilities for the protection, preservation and restoration of the artifacts can be built at an estimated cost of $162 million (if construction begins by 1993). The cost to the Federal government would be far less than this, because assured State support, and interest indicated by private industry, will defray significant portions of the expenditures. Such a facility would:

a. permit all of the collections currently stored in substandard shelter at the Museum's Garber facility in Suitland Maryland, and all airplanes, spacecraft and other artifacts kept outdoors at other sites**, to be safely housed, in hangar-like structures built to museum standards. This will insure the preservation of these historically significant artifacts for future generations while also permitting present day scholars and the general public access to significant portions of the collections currently unavailable;

b. provide a restoration facility capable of handling the largest artifacts in the collection, in full view to visitors;

c. educational facilities primarily for the benefit of school groups and educators from kindergarten through high school;

d. and service facilities for visitors needs.

In planning for this facility provisions should be made for built-in infrastructure that is adequate to support possible future expansion in the next century. The cost of providing that infrastructure will be borne by the State, not the Federal government.

** This excludes three Saturn V rocket assemblies which are at NASA visitor centers and are too large to be transported to a site inaccessible through water ways.

2. Project Site

The criteria which were used to select the site of the new Museum facility focused on its role as a replacement for the aging Garber facility, and as an extension and support location for the Museum on the mall, where large aircraft could be displayed:

a. Permanent access to an active runway capable of handling large jet aircraft.

b. Location within one hour of the Mall to facilitate daily curatorial and other staff visits.

c. No interference with the primary mission of the airport.

d. Sufficient area for present needs and future expansion.

e. Support from airport and local authorities.

The Museum has always envisioned the new extension as playing a role analogous to that which the East Wing has for the National Gallery of Art. Were we able to bring large airplanes and spacecraft to the mall, we would undoubtedly have proposed building the extension there. As that was not an option, the next best choice was to build the extension as close as possible to the main Museum on the mall, where we could best utilize the present staff and other resources. Many of the programs planned for the Extension are viewed as an expansion of currently ongoing programs. The exhibition on air transportation currently on display at the mall museum can only accommodate aircraft from before World War II, the largest of which is the Douglas DC-3. To view the explosion of commercial air traffic in the post-War era, we would require larger buildings capable of housing the Boeing 707, and possibly the 727 and 747 which made transoceanic travel accessible to tens of millions of people a year, changing their whole conception of other nations and other cultures, and bringing about an understanding that we all inhabit and share the same globe. A similar extension of the exhibits on the mall involves World War II fighter planes we currently have on display, which would be augmented by the bombers of that era at the extension, as well as by most of the post-War development of military aviation. And, finally, early space flight exhibited on the mall, would be complemented by Shuttle era space technology at the extension.

The proposed Denver site fails to meet the programmatic requirements of the Museum. The same holds true for any other proposed remote site. Visitors no longer would be able to enjoy a two-part exhibition extending from the from the mall museum to the airport Extension, on any given trip to Washington. Instead, they would have to travel to a distant location, on some other occasion, to view the other half of a two-part story half of

which was being told at the museum on the mall. In effect, the criterion of size -- large or small -- would influence the site at which an artifact would be housed and displayed, and would stand in the way of effectively presenting coherent exhibitions comprising airplanes or spacecraft of different sizes.

The Denver proposal also failed to meet the Smithsonian's requirements for other reasons. These include specific construction requirements recommended by the Institution's architectural consultant, but not included in the Denver cost estimate: a higher tonnage of steel; additional cost of installing the steel to include labor intensive work for deep and long trusses requiring heavy field work; deeper foundations based on soil reports; and extensive renovation to existing space including complete replacement of environmental controls for temperature and humidity in collections storage and other areas requiring a museum quality environment.

Aesthetically the Denver facility would always resemble an airport which was refitted to be a museum. Renovated space is not as efficient as space newly constructed for a specific purpose. The necessary adjacencies cannot always be accommodated and renovated space can often cost more than 100% the cost of constructing new space.

3. The Best-Value site

A 1989 study conducted for the Smithsonian Institution by the architectural firm Hellmuth Obata and Kassabaum (HOK) showed that the price of building a National Air and Space Museum Extension capable of meeting the Museum's immediate needs would be $162 million (if construction begins by 1993), independent of whether the extension was sited at the Dulles or Baltimore-Washington International airports. The total cost estimates differed by less than half a percent, though the cost to the Institution would be $4.3 million higher at BWI. Additional start-up costs were $4.5 million less expensive at Dulles, and operating costs were identical at both locations. Finally, both Maryland and Virginia offered cash contributions toward the construction of the Extension. In a letter dated January 24, 1990, Governor Schaefer wrote Secretary Adams, "Maryland will provide $10 million to the Smithsonian Institution as an addition to our cost-sharing proposal". Similarly, Governor Wilder, in a letter dated April 20, 1990 volunteered "I am prepared to propose to the 1991 Session of the General Assembly that Virginia appropriate up to $6 million in general funds, to be matched by an equal amount from local government and/or private sector donations". All of these figures taken together add to favor the Dulles site, by approximately $11 million.

In 1989, the National Air and Space Museum also commissioned a study by an independent fund-raising consultant firm, Snelling, Kolb & Kuhnle (SK&K), to determine the extent to which the Museum could count on raising private and industrial support to defray

construction costs at Dulles or BWI. The plan of action recommended by the firm suggests the potential for raising funds is between $10 and 25 million by conventional means.

The interviews conducted by SK&K led them to conclude that "The aerospace, and to some extent, the airline industries will be looked to for leadership in the campaign..." and "Aerospace leaders outside the Washington-Baltimore metropolitan area indicate that for a number of reasons, Dulles, rather than BWI, would be a preferred site from their perspective." Since the bulk of private and industrial funding would be raised through a national capital campaign focusing on corporations and individuals from around the country, this preference for Dulles over BWI carries substantial financial significance.

In 1987 the Museum built a 20,000 sq. ft. building at Dulles to house the Space Shuttle. Using Smithsonian trust funds this facility was built at a cost of $467,000 (present value $591,000). The Museum would retain complete use of this building for use as a staging area or artifact storage. The fact that this facility already exists and has multiple uses is a considerable asset to the Dulles site.

Over the last ten years the Museum has received generous support from various support groups in the Dulles area. The Dewberry and Davis report prepared in September 1983 recommending the location of a specific site on Dulles airport land was provided free of charge through the efforts of one of these support groups. This same type of support, offered continuously over the years, is another fund raising asset for the Dulles location.

In addition to examining the prospects for traditional fund raising the Museum has recently also begun discussions with industry on mutually beneficial creative financing that could lead to substantial support of construction costs. In those discussions, Dulles again was singled out as a desirable location from the potential partners' viewpoint.

In trying to determine the value of the land offered at Dulles airport the Museum has had conversations with James Wilding, General Manager of the Metropolitan Washington Airports Authority (MWAA) and his Deputy Mr. E. Fagan. From them we have learned the following:

The Authority leases both Dulles and National Airports from the Department of Transportation for $3 million, annually inflated.

They currently have a 99 year lease.

Any revenue generated on airport land is for the sole use of the Authority. It is not returned to DOT or to any other federal agency, and does not reduce the amount of federal support the

Authority receives from the government.

The Authority has the right to lease this land to the Institution at no cost. The concurrence of DOT is not required.

The DOT cannot sell off any portion of the Dulles property while the land is leased to the Authority.

In essence the land has no current or potential revenue-producing value to the federal government.

In 1986 a parcel of land adjoining the proposed Museum extension site at Dulles was sold for $2.87 per sq. ft. At this price the 185 acre site would be valued at $23,128,182.

More recently other parcels of unimproved land have been sold in the Dulles area at a cost ranging from $2.00 to $4.00 per sq. ft. For an area comparable to the Museum's proposed site of 185 acres this could range from $16 million to $32 million.

NATIONAL AIR AND SPACE MUSEUM EXTENSION

PRESENT VALUE ANALYSIS

COST COMPARISON OF AN EXTENSION AT DULLES INTERNATIONAL AIRPORT AND BALTIMORE WASHINGTON INTERNATIONAL AIRPORT

Prepared by the Smithsonian Institution
March 13, 1991

Authority receives from the government.

The Authority has the right to lease this land to the Institution at no cost. The concurrence of DOT is not required.

The DOT cannot sell off any portion of the Dulles property while the land is leased to the Authority.

In essence the land has no current or potential revenue-producing value to the federal government.

In 1986 a parcel of land adjoining the proposed Museum extension site at Dulles was sold for $2.87 per sq. ft. At this price the 185 acre site would be valued at $23,128,182.

More recently other parcels of unimproved land have been sold in the Dulles area at a cost ranging from $2.00 to $4.00 per sq. ft. For an area comparable to the Museum's proposed site of 185 acres this could range from $16 million to $32 million.

NASM EXTENSION - COST ESTIMATE SUMMARY
DULLES AND BWI

COST TO THE INSTITUTION	DULLES	BWI
Building Construction Cost**	$87,899,000	$92,196,000
Architect/Engineer (A/E) Fee	6,360,000	6,633,000
SI Construction Management	2,494,000	2,602,000
One-Time Start-Up Cost	9,409,000	12,942,000
Operating Cost	144,030,000	144,030,000
Total Present Value Cost	$250,192,000 *	$258,403,000 *
Value of Other Assets		
State/Non-State Cash Donations	$12,000,000	$10,000,000
Existing Hangar Structure	591,000	N/A
Total of Other Assets	$12,591,000	$10,000,000

* Excludes cost of Site Preparation and Utilities, which will be funded by the states.

Excludes $15 million in Building Construction Cost, which is the minimum assumed for Private Sector Contributions.

Excludes cost of future renovation and alterations over 30 year period; such costs would be the same for Dulles and BWI.

** Cost estimates are restricted to Building Construction Cost since both Maryland and Virginia offered to make themselves responsible for Site Preparation and Utilities.

NASM Extension
Assumptions for Present Value Analysis
for Dulles and BWI Options

1. Project start date is 1993. This is the year the Smithsonian is requesting federal funds for Design. Therefore, all present value dollars are for the year 1993.

2. All estimated cost items are escalated 4% per year (compounded) from the year in which the estimate was made to the year in which the expenditure takes place. For items associated with Construction Costs and One-time Start-Up Costs, the estimate was made in 1989. For Operating Costs, the revised estimate made in 1991 is used in the analysis.

3. All cost items are discounted back to the present value year of 1993 at an annual rate of 8% (the approximate Treasury bill rate). (Reference: Table 6-3). Table 6-3 assumes that cash flows are based on 12 monthly installments.

4. Site Preparation and Utilities are excluded from the analysis. These cost items are considered state responsibilities for funding. The deduction for Site Preparation and Utilities includes the estimated base cost as well as all associated costs: Design Reserve, Overhead, Construction Contingency, A/E Fee, and Smithsonian Construction Management. (Reference: Attached table titled "Project Cost Estimate for Present Value Analysis))

5. Private funding in the amount of $15,000,000 is assumed and is deducted in equal amounts ($7,500,000) during 1995 and 1996 from escalated Building Construction Cost. (Reference: Attached two tables titled "NASM Extension - Present Value: Building Construction Cost")

6. Total construction time is expected to be 25 months. Mid-point of construction is approximately January 1996. Approximately one-half of construction expenditures are expected to take place before the mid-point (i.e., during 1995) and one-half after the mid-point (i.e., during 1996). The SI Construction Management cost is also divided equally between 1995 and 1996. (Reference: Attached two tables titled "NASM Extension - Present Value: Building Construction Cost" and two tables titled "NASM Extension - SI Construction Management")

7. Approximately 80% of A/E costs, covering building design and bid, are expected to be required in equal amounts over a two year period, 1993 and 1994. Approximately 20% of the total A/E costs (site visits, review of shop drawings, etc.) will be required equally during the two years of construction, 1995 and 1996. (Reference: Attached two tables titled "NASM Extension - Present Value: A/E Fee")

8. One-time Start-up costs are assumed to be expended equally over two years, 1996 and 1997. (Reference: Attached Table 15 and two tables titled "NASM Extension - Present Value: One-time Start-up Cost")

9. Operating costs are assumed to begin in 1997 and continue each year thereafter to 2022. Operating costs are assumed to be the same for Dulles and BWI. (Reference: Attached table titled "Summary of Costs (in thousands)" excerpted from "Briefing Book for the Congressional Hearing February 5, 1991"; and table titled "NASM Extension - Present Value: Operating Cost")

10. Costs for future renovation and alterations are not included in the present value analysis over the 30 year period. Such costs would be the same for Dulles and BWI.

TABLE 6-3

PRESENT VALUE OF $1/12 RECEIVED MONTHLY IN YEAR N

Year (N)	1%	2%	4%	6%	8%	10%	12%	14%	15%	16%	18%	20%	22%	24%	25%	26%	28%	30%	35%	40%	45%	50%
1	0.995	0.989	0.979	0.969	0.959	0.950	0.941	0.932	0.928	0.924	0.915	0.907	0.899	0.892	0.888	0.884	0.877	0.870	0.853	0.837	0.822	0.808
2	0.985	0.970	0.941	0.914	0.888	0.864	0.840	0.818	0.807	0.796	0.776	0.756	0.737	0.719	0.710	0.702	0.685	0.669	0.632	0.598	0.567	0.539
3	0.975	0.951	0.905	0.862	0.823	0.785	0.750	0.717	0.702	0.686	0.657	0.630	0.604	0.580	0.568	0.557	0.535	0.515	0.468	0.427	0.391	0.359
4	0.965	0.932	0.870	0.814	0.762	0.714	0.670	0.629	0.610	0.592	0.557	0.525	0.495	0.468	0.455	0.442	0.418	0.396	0.347	0.305	0.270	0.239
5	0.956	0.914	0.837	0.768	0.705	0.649	0.598	0.552	0.531	0.510	0.472	0.438	0.406	0.377	0.364	0.351	0.327	0.305	0.257	0.218	0.186	0.160
6	0.946	0.896	0.805	0.724	0.653	0.590	0.534	0.484	0.461	0.440	0.400	0.365	0.333	0.304	0.291	0.278	0.255	0.234	0.190	0.156	0.128	0.106
7	0.937	0.879	0.774	0.683	0.605	0.536	0.477	0.425	0.401	0.379	0.339	0.304	0.273	0.245	0.233	0.221	0.199	0.180	0.141	0.111	0.088	0.071
8	0.928	0.861	0.744	0.644	0.560	0.488	0.426	0.373	0.349	0.327	0.287	0.253	0.224	0.198	0.186	0.175	0.156	0.139	0.104	0.079	0.061	0.047
9	0.919	0.844	0.715	0.608	0.518	0.443	0.380	0.327	0.303	0.282	0.244	0.211	0.183	0.160	0.149	0.139	0.122	0.107	0.077	0.057	0.042	0.032
10	0.909	0.828	0.688	0.574	0.480	0.403	0.339	0.287	0.264	0.243	0.206	0.176	0.150	0.129	0.119	0.110	0.095	0.082	0.057	0.041	0.029	0.021
11	0.900	0.812	0.661	0.541	0.444	0.366	0.303	0.251	0.229	0.209	0.175	0.147	0.123	0.104	0.095	0.088	0.074	0.063	0.042	0.029	0.020	0.014
12	0.892	0.796	0.636	0.510	0.411	0.323	0.271	0.221	0.199	0.180	0.148	0.122	0.101	0.084	0.076	0.070	0.058	0.049	0.031	0.021	0.014	0.009
13	0.883	0.780	0.612	0.482	0.381	0.303	0.242	0.193	0.173	0.156	0.126	0.102	0.083	0.067	0.061	0.055	0.045	0.037	0.023	0.015	0.010	0.006
14	0.874	0.765	0.588	0.454	0.353	0.275	0.216	0.170	0.151	0.134	0.106	0.085	0.068	0.054	0.049	0.044	0.035	0.029	0.017	0.011	0.007	0.004
15	0.865	0.750	0.565	0.429	0.327	0.250	0.193	0.149	0.131	0.116	0.090	0.071	0.056	0.044	0.039	0.035	0.028	0.022	0.013	0.008	0.005	0.003
16	0.857	0.735	0.544	0.404	0.302	0.227	0.172	0.131	0.114	0.100	0.076	0.059	0.046	0.035	0.031	0.028	0.022	0.017	0.009	0.005	0.003	0.002
17	0.848	0.721	0.523	0.381	0.280	0.207	0.153	0.115	0.099	0.086	0.065	0.049	0.037	0.029	0.025	0.022	0.017	0.013	0.007	0.004	0.002	0.001
18	0.840	0.707	0.503	0.360	0.259	0.188	0.137	0.100	0.086	0.074	0.055	0.041	0.031	0.023	0.020	0.017	0.013	0.010	0.005	0.003	0.001	0.001
19	0.832	0.693	0.483	0.340	0.240	0.171	0.122	0.088	0.075	0.064	0.047	0.034	0.025	0.019	0.016	0.014	0.010	0.008	0.004	0.002	0.001	0.001
20	0.823	0.679	0.465	0.320	0.222	0.155	0.109	0.077	0.065	0.055	0.039	0.028	0.021	0.015	0.013	0.011	0.008	0.006	0.003	0.001	0.001	
21	0.815	0.666	0.447	0.302	0.206	0.141	0.098	0.068	0.057	0.047	0.033	0.024	0.017	0.012	0.010	0.009	0.006	0.005	0.002	0.001		
22	0.807	0.653	0.430	0.285	0.191	0.128	0.087	0.060	0.049	0.041	0.028	0.020	0.014	0.010	0.008	0.007	0.005	0.004	0.002	0.001		
23	0.799	0.640	0.413	0.269	0.176	0.117	0.078	0.052	0.043	0.035	0.024	0.016	0.011	0.008	0.007	0.005	0.004	0.003	0.001	0.001		
24	0.791	0.627	0.397	0.254	0.163	0.106	0.069	0.046	0.037	0.030	0.020	0.014	0.009	0.006	0.005	0.004	0.003	0.002	0.001			
25	0.783	0.615	0.382	0.239	0.151	0.096	0.062	0.040	0.032	0.026	0.017	0.011	0.008	0.005	0.004	0.003	0.002	0.002	0.001			
26	0.776	0.603	0.367	0.226	0.140	0.088	0.055	0.035	0.028	0.023	0.015	0.010	0.006	0.004	0.003	0.003	0.002	0.001				
27	0.768	0.591	0.353	0.213	0.130	0.080	0.049	0.031	0.025	0.019	0.012	0.008	0.005	0.003	0.003	0.002	0.001	0.001				
28	0.760	0.580	0.340	0.201	0.120	0.072	0.044	0.027	0.021	0.017	0.010	0.007	0.004	0.003	0.002	0.002	0.001	0.001				
29	0.753	0.568	0.326	0.190	0.111	0.066	0.039	0.024	0.019	0.014	0.009	0.006	0.003	0.002	0.002	0.001	0.001	0.001				
30	0.745	0.557	0.314	0.179	0.103	0.060	0.035	0.021	0.016	0.012	0.008	0.005	0.003	0.002	0.001	0.001	0.001					
40	0.675	0.457	0.212	0.100	0.048	0.023	0.011	0.006	0.004	0.003	0.001	0.001										
50	0.611	0.375	0.143	0.056	0.022	0.009	0.004	0.002	0.001	0.001												

SOURCE: By permission, from Robert N. Anthony, *Management Accounting: Text and Cases* (rev. ed.; Homewood, Ill.: Richard D. Irwin, Inc., 1960), p. 658.

TABLE 6-4

PRESENT VALUE OF $1/12 RECEIVED MONTHLY FOR N YEARS

Years (N)	1%	2%	4%	6%	8%	10%	12%	14%	15%	16%	18%	20%	22%	24%	25%	26%	28%	30%	35%	40%	45%	50%
1	0.995	0.989	0.979	0.969	0.959	0.950	0.941	0.932	0.928	0.924	0.915	0.907	0.899	0.892	0.888	0.884	0.877	0.870	0.853	0.837	0.822	0.808
2	1.979	1.959	1.920	1.883	1.848	1.814	1.781	1.750	1.735	1.720	1.691	1.663	1.637	1.611	1.598	1.586	1.562	1.539	1.485	1.435	1.390	1.347
3	2.954	2.910	2.826	2.746	2.670	2.599	2.531	2.467	2.436	2.406	2.348	2.293	2.241	2.191	2.167	2.143	2.098	2.054	1.953	1.863	1.781	1.706
4	3.920	3.843	3.696	3.559	3.432	3.313	3.201	3.096	3.046	2.998	2.905	2.818	2.736	2.658	2.621	2.585	2.516	2.450	2.300	2.168	2.050	1.946
5	4.876	4.757	4.533	4.327	4.137	3.962	3.799	3.648	3.577	3.508	3.377	3.256	3.142	3.036	2.985	2.936	2.842	2.755	2.557	2.386	2.236	2.106
6	5.822	5.653	5.338	5.051	4.790	4.551	4.333	4.132	4.038	3.948	3.778	3.620	3.475	3.340	3.276	3.214	3.098	2.989	2.747	2.541	2.365	2.212
7	6.759	6.531	6.111	5.734	5.395	5.088	4.810	4.557	4.439	4.327	4.117	3.924	3.748	3.585	3.509	3.435	3.297	3.169	2.888	2.653	2.453	2.283
8	7.687	7.392	6.855	6.379	5.954	5.575	5.235	4.929	4.788	4.654	4.404	4.177	3.971	3.783	3.695	3.611	3.453	3.308	2.992	2.732	2.514	2.330
9	8.605	8.237	7.571	6.987	6.473	6.018	5.615	5.256	5.091	4.935	4.647	4.388	4.154	3.942	3.844	3.750	3.575	3.414	3.070	2.789	2.556	2.362
10	9.515	9.065	8.259	7.560	6.953	6.421	5.955	5.543	5.355	5.178	4.854	4.564	4.305	4.071	3.963	3.860	3.670	3.497	3.127	2.829	2.585	2.383
11	10.415	9.876	8.920	8.101	7.397	6.788	6.258	5.794	5.584	5.388	5.029	4.711	4.428	4.175	4.058	3.948	3.744	3.560	3.169	2.858	2.605	2.397
12	11.307	10.672	9.556	8.612	7.809	7.121	6.528	6.015	5.784	5.568	5.177	4.833	4.529	4.259	4.135	4.018	3.802	3.608	3.201	2.879	2.619	2.406
13	12.189	11.452	10.167	9.094	8.190	7.423	6.770	6.208	5.957	5.724	5.302	4.935	4.611	4.326	4.196	4.073	3.847	3.646	3.224	2.894	2.629	2.412
14	13.063	12.217	10.755	9.548	8.542	7.699	6.985	6.378	6.108	5.858	5.409	5.019	4.679	4.380	4.245	4.117	3.883	3.674	3.241	2.904	2.635	2.417
15	13.928	12.967	11.321	9.977	8.869	7.949	7.178	6.527	6.239	5.973	5.499	5.090	4.735	4.424	4.284	4.152	3.911	3.696	3.254	2.912	2.640	2.419
16	14.785	13.702	11.864	10.381	9.171	8.176	7.350	6.658	6.353	6.073	5.576	5.149	4.780	4.460	4.315	4.179	3.932	3.713	3.264	2.917	2.643	2.421
17	15.633	14.422	12.387	10.762	9.451	8.383	7.503	6.772	6.452	6.159	5.640	5.198	4.818	4.488	4.340	4.201	3.949	3.726	3.271	2.921	2.645	2.422
18	16.473	15.129	12.890	11.122	9.711	8.571	7.640	6.873	6.539	6.233	5.695	5.239	4.848	4.511	4.360	4.218	3.962	3.736	3.276	2.924	2.647	2.423
19	17.305	15.822	13.373	11.462	9.951	8.742	7.763	6.961	6.614	6.297	5.742	5.273	4.873	4.530	4.376	4.232	3.973	3.744	3.280	2.926	2.648	2.424
20	18.128	16.501	13.838	11.782	10.173	8.897	7.872	7.038	6.679	6.352	5.781	5.301	4.894	4.545	4.389	4.243	3.981	3.750	3.283	2.927	2.648	2.424
21	18.943	17.167	14.285	12.084	10.379	9.038	7.969	7.106	6.735	6.399	5.815	5.325	4.911	4.557	4.399	4.252	3.987	3.755	3.285	2.928	2.649	2.424
22	19.750	17.819	14.714	12.369	10.570	9.167	8.056	7.165	6.785	6.440	5.843	5.345	4.925	4.567	4.407	4.259	3.992	3.758	3.286	2.929	2.649	2.425
23	20.549	18.459	15.127	12.638	10.746	9.283	8.134	7.218	6.828	6.476	5.867	5.361	4.936	4.574	4.414	4.264	3.996	3.761	3.287	2.929	2.649	2.425
24	21.341	19.087	15.525	12.892	10.909	9.389	8.204	7.263	6.865	6.506	5.887	5.375	4.945	4.581	4.419	4.269	3.999	3.763	3.288	2.930	2.650	2.425
25	22.124	19.702	15.906	13.131	11.061	9.486	8.266	7.306	6.897	6.532	5.904	5.386	4.953	4.586	4.423	4.272	4.001	3.765	3.289	2.930	2.650	2.425
26	22.899	20.305	16.274	13.357	11.201	9.574	8.321	7.339	6.926	6.555	5.919	5.396	4.959	4.590	4.426	4.275	4.003	3.766	3.289	2.930	2.650	2.425
27	23.667	20.896	16.627	13.570	11.331	9.653	8.370	7.370	6.950	6.574	5.931	5.404	4.964	4.593	4.429	4.277	4.004	3.767	3.290	2.930	2.650	2.425
28	24.428	21.476	16.966	13.771	11.451	9.726	8.415	7.397	6.971	6.591	5.942	5.410	4.968	4.596	4.431	4.279	4.005	3.768	3.290	2.930	2.650	2.425
29	25.180	22.044	17.293	13.961	11.562	9.792	8.454	7.421	6.990	6.606	5.951	5.416	4.972	4.598	4.433	4.280	4.006	3.768	3.290	2.930	2.650	2.425
30	25.926	22.601	17.607	14.139	11.665	9.852	8.489	7.441	7.006	6.618	5.958	5.420	4.975	4.600	4.434	4.281	4.007	3.769	3.290	2.930	2.650	2.425
40	32.985	27.605	20.153	15.456	12.356	10.220	8.688	7.550	7.087	6.678	5.992	5.440	4.986	4.606	4.439	4.285	4.009	3.770	3.291	2.931	2.650	2.425
50	39.375	31.711	21.873	16.191	12.676	10.361	8.752	7.580	7.107	6.692	5.999	5.443	4.987	4.607	4.440	4.285	4.009	3.770	3.291	2.931	2.650	2.425

SOURCE: By permission, from Robert N. Anthony, *Management Accounting: Text and Cases* (rev. ed.; Homewood, Ill.: Richard D. Irwin, Inc., 1960), p. 659.

Formula: $\frac{1-(1+i)^{-n}}{12[(1+i)^{1/12}-1]}$. Annual discounting is assumed.

PROJECT COST ESTIMATE FOR PRESENT VALUE ANALYSIS

(See Note Below)

	BWI	DULLES
Building	77,871,000	77,871,000
Deep Foundation Premium	3,350,000	N/A
Site Preparation (State Funds)	N/A	N/A
Utilities (State Funds)	N/A	N/A
Design Reserve (10%)	8,122,000	7,787,000
SUBTOTAL (1989$)	89,343,000	85,658,000
Overhead (9%)*	8,041,000	7,709,000
Construction Contingency (5%)*	4,467,000	4,283,000
SUBTOTAL (1989$)	101,851,000	97,650,000
Escalation to Mid-Point (16%)	N/A	N/A
TOTAL CONSTRUCTION COST (1989$)	101,851,000	97,650,000
AE Fee (6%)**	6,111,000	5,859,000
Smithsonian Construction Management (2-1/2%)**	2,546,000	2,441,000
SUBTOTAL		
TOTAL CONSTRUCTION BUDGET (1989$)*** (Excludes Site Preparation, Utilities and Escalation)	110,508,000	105,950,000

* Based On Subtotal (1989$)

** Fees based on Total Construction Costs.

*** These figures do not include cost of operating the Extension.

NOTE: This cost estimate is based on the format used in Table 14, page 166, from the December 15, 1989 report prepared by Helmuth, Obata & Kassabaum titled "The National Air & Space Museum Extension Site Evaluation Study". However, the costs for "Site Preparation" and "Utilities" are excluded from this estimate because these improvements will be funded by the states. In addition, "Escalation" is excluded from this estimate because escalation is calculated separately for each cost item on present value worksheets.

Table 15 SUMMARY ONE-TIME START-UP COSTS AND ANNUAL OPERATING COSTS (IN MILLIONS)

ONE-TIME START-UP COSTS	
OPENING EXHIBIT COSTS	$4.500
FURNISHINGS ALLOWANCE	0.257
RELOCATION COSTS	
BWI	7.897 (9.8)*
DULLES	4.307(5.3)*
PHYSICAL PLANT MOBILZATION	0.122
SECURITY MOBILIZATION	0.377
TOTAL START-UP COST	
BWI	13.153(16.310)*
DULLES	9.563(11.858)*
ANNUAL OPERATING COSTS**	
BUREAU OPERATIONS[T-16]	
BUREAU PERSONNEL	1.500
BUREAU SUPPORT	1.180
SUBTOTAL	2.680
PHYSICAL PLANT OPERATIONS	
OPLANTS PERSONNEL	1.073
OPLANTS SUPPORT	0.242
UTILITY COSTS	1.248
SUBTOTAL	2.563
SECURITY OPERATIONS	
SECURITY PERSONNEL	2.677
SECURITY SUPPORT	0.101
SUBTOTAL	2.778
TOTAL OPERATING COSTS*	8.021(9.946)

* 1989$(1995$) 1995-Escalated to average first year of operations (24.0%)

Summary of Costs (in thousands)

	Dulles/BWI
Construction -	
Main Facility	$162,000
Additional one time start-up Facilities Mgmt costs	499
Artifact Move	4,658
Annual Staff Costs-	2,349
Annual Museum Operating Costs-	1,535
Annual Facilities Mgmt. Operating Costs-	5,682
Total one-time costs	$167,157
Total annual costs	$ 9,566

NASM EXTENSION - PRESENT VALUE: BUILDING CONSTRUCTION COST

DULLES

Year	Present Value Year	Escalation Factor 4%	Unescalated Cost ($000)	Escalated Cost ($000)	Private Sector Contribution ($000)	Adjusted Escalated Cost ($000)	Present Value Factor 8%	Present Value Cost ($000)
1989 *		1.000						
1990		1.040						
1991		1.082						
1992		1.125						
1993 **	1	1.170						
1994	2	1.217						
1995	3	1.265	48,650	61,542	-7,500	54,042	0.823	44,477
1996	4	1.316	49,000	64,484	-7,500	56,984	0.762	43,422
TOTAL			97,650 ***					87,899

Total Present Value Cost **87,899**

* 1989 is year estimate was made

** 1993 is project start date

*** Source: "Project Cost Estimate for Present Value Analysis"

NASM EXTENSION - PRESENT VALUE: BUILDING CONSTRUCTION COST

BWI

Year	Present Value Year	Escalation Factor 4%	Unescalated Cost ($000)	Escalated Cost ($000)	Private Sector Contribution ($000)	Adjusted Escalated Cost ($000)	Present Value Factor 8%	Present Value Cost ($000)
1989 *		1.000						
1990		1.040						
1991		1.082						
1992		1.125						
1993 **	1	1.170						
1994	2	1.217						
1995	3	1.265	50,851	64,327	-7,500	56,827	0.823	46,769
1996	4	1.316	51,000	67,116	-7,500	59,616	0.762	45,427
TOTAL			101,851 ***					92,196

Total Present Value Cost **92,196**

* 1989 is year estimate was made

** 1993 is project start date

*** Source: "Project Cost Estimate for Present Value Analysis"

NASM EXTENSION - PRESENT VALUE: SI CONSTRUCTION MANAGEMENT

DULLES

Year	Present Value Year	Escalation Factor 4%	Unescalated Cost ($000)	Escalated Cost ($000)	Present Value Factor 8%	Present Value Cost ($000)
1989 *		1.000				
1990		1.040				
1991		1.082				
1992		1.125				
1993 **	1	1.170				
1994	2	1.217				
1995	3	1.265	1,220	1,543	0.823	1,270
1996	4	1.316	1,221	1,607	0.762	1,224
TOTAL			2,441 ***			2,494

Total Present Value Cost **2,494**

* 1989 is year estimate was made

** 1993 is project start date

*** Source: "Project Cost Estimate for Present Value Analysis"

NASM EXTENSION - PRESENT VALUE: SI CONSTRUCTION MANAGEMENT

BWI

Year	Present Value Year	Escalation Factor 4%	Unescalated Cost ($000)	Escalated Cost ($000)	Present Value Factor 8%	Present Value Cost ($000)
1989 *		1.000				
1990		1.040				
1991		1.082				
1992		1.125				
1993 **	1	1.170				
1994	2	1.217				
1995	3	1.265	1,273	1,610	0.823	1,325
1996	4	1.316	1,273	1,675	0.762	1,277
TOTAL			2,546 ***			2,602

Total Present Value Cost **2,602**

* 1989 is year estimate was made

** 1993 is project start date

*** Source: "Project Cost Estimate for Present Value Analysis"

NASM EXTENSION - PRESENT VALUE: A/E FEE

DULLES

Year	Present Value Year	Escalation Factor 4%	Unescalated Cost ($000)	Escalated Cost ($000)	Present Value Factor 8%	Present Value Cost ($000)
1989 *		1.000				
1990		1.040				
1991		1.082				
1992		1.125				
1993 **	1	1.170	2,344	2,742	0.959	2,630
1994	2	1.217	2,344	2,853	0.888	2,533
1995	3	1.265	586	741	0.823	610
1996	4	1.316	585	770	0.762	587
TOTAL			5,859 ***			6,360

Total Present Value Cost **6,360**

* 1989 is year estimate was made

** 1993 is project start date

*** Source: "Project Cost Estimate for Present Value Analysis"

NASM EXTENSION - PRESENT VALUE: A/E FEE

BWI

Year	Present Value Year	Escalation Factor 4%	Unescalated Cost ($000)	Escalated Cost ($000)	Present Value Factor 8%	Present Value Cost ($000)
1989 *		1.000				
1990		1.040				
1991		1.082				
1992		1.125				
1993 **	1	1.170	2,445	2,861	0.959	2,743
1994	2	1.217	2,445	2,976	0.888	2,642
1995	3	1.265	611	773	0.823	636
1996	4	1.316	610	803	0.762	612
TOTAL			6,111 ***			6,633

Total Present Value Cost **6,633**

* 1989 is year estimate was made

** 1993 is project start date

*** Source: "Project Cost Estimate for Present Value Analysis"

NASM EXTENSION - PRESENT VALUE: ONE-TIME START-UP COST

DULLES

Year	Present Value Year	Escalation Factor 4%	Unescalated Cost ($000)	Escalated Cost ($000)	Present Value Factor 8%	Present Value Cost ($000)
1989 *		1.000				
1990		1.040				
1991		1.082				
1992		1.125				
1993 **	1	1.170				
1994	2	1.217				
1995	3	1.265				
1996	4	1.316	4,781	6,292	0.762	4,794
1997	5	1.369	4,782	6,547	0.705	4,615
TOTAL			9,563 ***			9,409

Total Present Value Cost **9,409**

* 1989 is year estimate was made

** 1993 is project start date

*** Source: Table 15, page 169, "The National Air and Space Museum Site Evaluation Study"; December 15, 1989; prepared by Hellmuth, Obata & Kassabaum.

NASM EXTENSION - PRESENT VALUE: ONE-TIME START-UP COST

BWI

Year	Present Value Year	Escalation Factor 4%	Unescalated Cost ($000)	Escalated Cost ($000)	Present Value Factor 8%	Present Value Cost ($000)
1989 *		1.000				
1990		1.040				
1991		1.082				
1992		1.125				
1993 **	1	1.170				
1994	2	1.217				
1995	3	1.265				
1996	4	1.316	6,576	8,654	0.762	6,594
1997	5	1.369	6,577	9,004	0.705	6,348
TOTAL			13,153 ***			12,942

Total Present Value Cost **12,942**

* 1989 is year estimate was made

** 1993 is project start date

*** Source: Table 15, page 169, "The National Air and Space Museum Site Evaluation Study"; December 15, 1989; prepared by Hellmuth, Obata & Kassabaum.

NASM EXTENSION - PRESENT VALUE: OPERATING COST

DULLES AND BWI

Year	Present Value Year	Escalation Factor 4%	Unescalated Cost ($000)	Escalated Cost ($000)	Present Value Factor 8%	Present Value Cost ($000)
1991 *		1.000				
1992		1.040				
1993 **	1	1.082				
1994	2	1.125				
1995	3	1.170				
1996	4	1.217				
1997	5	1.265	9,566 ***	12,101	0.705	8,531
1998	6	1.316	9,566	12,589	0.653	8,221
1999	7	1.369	9,566	13,096	0.605	7,923
2000	8	1.423	9,566	13,612	0.560	7,623
2001	9	1.480	9,566	14,158	0.518	7,334
2002	10	1.539	9,566	14,722	0.480	7,067
2003	11	1.601	9,566	15,315	0.444	6,800
2004	12	1.665	9,566	15,927	0.411	6,546
2005	13	1.732	9,566	16,568	0.381	6,313
2006	14	1.801	9,566	17,228	0.353	6,082
2007	15	1.873	9,566	17,917	0.327	5,859
2008	16	1.948	9,566	18,635	0.302	5,628
2009	17	2.026	9,566	19,381	0.280	5,427
2010	18	2.107	9,566	20,156	0.259	5,220
2011	19	2.191	9,566	20,959	0.240	5,030
2012	20	2.279	9,566	21,801	0.222	4,840
2013	21	2.370	9,566	22,671	0.206	4,670
2014	22	2.465	9,566	23,580	0.191	4,504
2015	23	2.563	9,566	24,518	0.176	4,315
2016	24	2.666	9,566	25,503	0.163	4,157
2017	25	2.772	9,566	26,517	0.151	4,004
2018	26	2.883	9,566	27,579	0.140	3,861
2019	27	2.999	9,566	28,688	0.130	3,729
2020	28	3.119	9,566	29,836	0.120	3,580
2021	29	3.243	9,566	31,023	0.111	3,444
2022	30	3.373	9,566	32,266	0.103	3,323
TOTAL			239,150			144,030

Total Present Value Cost **144,030**

* 1991 is year estimate was made

** 1993 is project start date

*** Source: Second Page of Executive Summary, "National Air and Space Museum Extension Briefing Book for the Congressional Hearing", February 5, 1991.

NASM EXTENSION - PRESENT VALUE: EXISTING SHUTTLE BUILDING

DULLES

Year	Escalation Factor 4%	Unescalated Cost ($000)	Escalated Cost ($000)	Present Value Cost ($000)
1987 *	1.000			
1988	1.040			
1989	1.082			
1990	1.125			
1991	1.170			
1992	1.217			
1993 **	1.265	467 ***	591	591

Total Present Value **591**

* 1987 is year 20,000 square feet shuttle building was constructed at a cost of $467,000

** 1993 is project start date for NASM Extension

*** Source: Smithsonian Construction Records.

GAO

United States
General Accounting Office
Washington, D.C. 20548

General Government Division

G1-0067

March 20, 1991

The Honorable Sidney R. Yates
Chairman, Subcommittee on Interior and Related Agencies
Committee on Appropriations
House of Representatives

Dear Mr. Chairman:

Following our February 5, 1991, testimony on the Smithsonian Institution's site selection process for a proposed extension to the National Air and Space Museum, Ms. Carmen Turner, Under Secretary of the Smithsonian, asked us to discuss the issues raised at the hearing. With the Subcommittee's consent, we have met with the Under Secretary and other Smithsonian officials several times since then and have reviewed a revised analysis of alternative sites prepared by the Smithsonian, including the material the Under Secretary sent you on March 18, 1991.

As a result of these meetings and our review of the revised Smithsonian analysis, we have concluded that the major concerns we raised at the February 5, 1991, hearing have been adequately addressed. The Smithsonian (1) has better defined its requirements, reducing the scope of the project and limiting it to a supporting facility for the National Air and Space Museum on the Mall; (2) better documented and supported its rationale for selecting the Washington, D.C., area as the geographic locale where these reduced requirements can best be met; and (3) completed a revised cost analysis using present value life-cycle costs to compare competing offers within this chosen locale. As explained below, we now believe the choice of Dulles International Airport as the preferred site can be objectively defended by the Smithsonian.

Reduced Project Scope

Our testimony pointed out that the required scope and size of the proposed extension had grown over the past decade, from requirements for four hangar-type buildings expected to cost $12 million each in 1983, to a full-fledged "Museum Extension with a Global View" expected to cost $355 million in 1991. The Smithsonian has now decided to reduce the scope of the Extension to a $162 million facility (to be partly funded by the Commonwealth of Virginia) to replace the Garber facility and provide educational and service facilities for visitors.

As explained to us, the Extension at Dulles is no longer viewed as a facility having a distinct program of its own, but as a support operation for the Mall museum and a convenient site to display large aircraft that cannot be transported to the Mall.

Requirement for a Local Facility

We testified that the Smithsonian should have clearly communicated its requirements to all possible offerors to assure that competitive sites were identified. With the changed nature of the facility described above, we agree with the Smithsonian that the new requirement should only be competed in the Washington, D.C., area. Other Smithsonian requirements, such as those regarding the need for an active runway capable of handling large jet aircraft and no interference with the primary mission of the airport, limit possible offerors to the Baltimore-Washington International (BWI) and Dulles airports.

Revised Cost Analysis

In our testimony, we criticized the Smithsonian's evaluation of offers for not being thorough, primarily because they were not evaluated in terms of present value life-cycle costs to the government. The March 13, 1991, Smithsonian analysis, using present value life-cycle costs, shows the Dulles offer to cost about $10.8 million less than the BWI offer over a 30-year period. Although we did not attempt to verify the Smithsonian's revised cost analysis, it appeared to be more systematic and complete than the earlier analyses that were done.

I hope this additional information is useful to the Committee. If we can be of further assistance, please do not hesitate to call me on 202-275-8676.

Sincerely,

L. Nye Stevens

L. Nye Stevens
Director, Government Business
Operations Issues

cc: Under Secretary, Smithsonian Institution

GUIDELINES FOR CORPORATE NAMING

Mr. Adams introduced the following draft guidelines for corporate naming with the thought that the Smithsonian will increasingly need to deal with the question of naming galleries and other facilities in recognition of corporate support if the Institution is to be successful in its pursuit of contributed support. At the same time, one needs to recognize the inconsistencies in the unconstrained application of corporate names in the context of the national museums. These guidelines were drafted as a means of providing the Regents with some degree of rationality into facing decisions on the appropriate recognition for corporate donations. The Secretary introduced at the outset the broad parameters of a corporate offer to assist with the renovation of a Smithsonian exhibition gallery, and, without ever being resolved, this proposal to name a facility for the individual who founded the company served as a useful point of departure for a wide-ranging discussion about a number of issues relating to corporate naming.

A variety of suggestions emanated from this discussion. It was observed, for instance, that the suggested imposition of a "good name clause" should be given more structure so as to minimize the potential impact of ephemeral public opinion. While it was pointed out that corporate naming should be considered only in recognition of the most outstanding contributions, it was also observed that commercial implications of a corporate affiliation should be avoided.

Several additional suggestions were made for the further refinement of these draft guidelines, and the Secretary agreed to bring back to the September 1991 meeting of the Board of Regents a set of revised guidelines reflecting this discussion. The following motion was suggested, twice amended, and approved:

VOTED that the Board of Regents endorses the recommended guidelines for its consideration of proposals to name Smithsonian facilities in recognition of significant corporate support, with the understanding that corporate names will not be affixed to Smithsonian facilities unless this provision is explicitly waived by the Board.

* * * * *

Introductory Summary

To date, the Regents have faced no formal proposal to name a facility in honor of a corporate donor. However, the opportunity to name the Insect Zoo at the National Museum of Natural History in recognition of a corporate contribution of two-thirds of the total cost of renovation suggests the need for policy guidelines.

- The Institution has long accepted individual naming of permanent facilities and corporate sponsorship of temporary programs. In a time of mounting costs and shrinking resources, new expensive initiatives may require larger-scale corporate fund-raising. Is there a perceived Smithsonian endorsement of commercial self-interest rather than of philanthropic purpose in any permanent association with corporate identity?

- A survey of similar organizations suggests that virtually none preclude corporate naming (with the exception of the National Park Service, which precludes all donor naming) but that few face the issue because the size of corporate gifts rarely merits named recognition. Universities tend to be most amenable, Federal institutions least.

- After consideration of arguments pro and con, it is recommended that the Smithsonian not adopt a policy of absolute refusal of corporate naming but at the same time exercise the strongest caution in considering such a proposal.

- Every effort should be made to urge the use of the name of an individual important to the corporation, to establish a time limit on the use of the name, to require over fifty percent of the costs of major projects and two-thirds of those less than $2 million, to assess the compatibility of the corporate name and reputation with Smithsonian goals and the particular purpose of the project, and to consider the insertion of a "good name clause" to allow future revocation of a corporate name.

The Regents are urged to consider the recommendations which appear in the text below and the suggested motion, which reads as follows:

VOTED that the Board of Regents endorses the recommended guidelines for its consideration of proposals to name Smithsonian facilities in recognition of significant corporate support.

Issue

There is a need to set policy guidelines with respect to the naming of Smithsonian facilities for corporate donors. To date, the Regents have faced no formal proposal to name a facility in honor of a corporation. However, given recent discussion about naming the Insect Zoo at the National Museum of Natural History in recognition of a corporate contribution of $500,000 toward renovation (2/3 of total cost), policy guidelines need to be considered. The fund-raising requirements of the Extension of the National Air and Space Museum and the Campaign for the National Museum of the American Indian might also soon require policy guidance in this matter.

Background

The Smithsonian itself emerged out of a naming opportunity provided by the funds offered the people of the United States by James Smithson. Perhaps because of that, through much of its history the Institution has allowed the naming of permanent facilities after important individual donors from Charles Freer to Enid Haupt. The last Regents meeting approved the naming of the Arthur Ross Terrace and Garden at the Cooper-Hewitt Museum and the Freer Gallery's Eugene and Agnes E. Meyer Auditorium. Individual naming has not been without controversy. The Hirshhorn awakened concerns dormant since the creation of the National (not "Mellon") Gallery about the naming of entire Federal museums after donors, and some argued that the "bargain price" of the Evans Gallery lessened the threshold appropriate for naming. But, for the most part, the Institution has grown comfortable with the practice on a case-by-case basis. It is the issue of corporate naming that now troubles the Institution in an era when, increasingly, philanthropy comes in new forms and tied to specific corporate goals. Significantly, it was only as recently as 1973 that the Regents reserved to themselves the right to approve naming "any building or part of a building or any exhibit or collection of objects after a person or corporation" because of the Secretary's approval of the Henry R. Luce Hall of News Reporting in recognition of a Time-Life gift to the National Museum of History and Technology (now the National Museum of American History). Though an individual, not corporate, name was involved, concerns were raised about the implication that a particular individual or his enterprises were being commemorated or that the donors might exercise some control over the permanent installation. The Institution's need to confront the issue of corporate naming has gained urgency as costs mount and resources fail to keep pace. The urgency is sometimes presented as a matter of the survival of collections, services, and vital programs and sometimes as a matter of the Smithsonian's continued capacity to mount major new initiatives and respond to changing national needs.

Corporate patronage itself is certainly not the issue. This has been widely accepted for everything from temporary exhibitions to Smithsonian World television programs. Rather, the issue focuses on the attachment of a corporate name to enduring public facilities and installations. At heart, the question is that of perceived Smithsonian endorsement of commercial self-interest rather than of philanthropic purpose in any long-term association with corporate identity.

National Precedents

The Smithsonian's concerns about corporate naming are related to the needs and concerns of organizations similar to the Institution in their non-profit status, in their role as museums or other educational institutions, or in their public, Federal, or national character. In its survey of sixteen such organizations (listed in Appendix #1), Smithsonian staff found an expected range of reactions on corporate naming, with certain apparent patterns (if few clearly articulated policies).

As a group, universities are far more willing to accept and to actively seek corporate named gifts, although corporations are rarely judged by them to be willing to give sums comparable to those provided by individuals. Amounts do seem to be the central point. MIT specifies $18 million for a prospective biology building, while Harvard uses the rule of thumb for naming a building of 50% of total costs. The University of California has a rule of thumb for named gifts of 1/3 the cost of construction and allows each campus to determine which gifts to accept. This has led to a range of positions on corporate naming ranging from Berkeley's strong reluctance to Irvine's current four buildings named after corporations: Rockwell, McDonnell Douglas, Whitby, and Hitachi Chemical.

Virtually all universities were comfortable with corporate support for endowed chairs. Duke presents corporations with the opportunity to name laboratories. The University of Chicago was more worried about negative publicity from individuals than from corporations, who were perceived to be endorsing the university rather than the reverse. Only Stanford, among those surveyed, had a clearly articulated policy on corporate naming (see Appendix #2), which argues against a prohibition but urges caution as to the appropriateness of the particular company and substitution of the name of an individual important to the company if possible.

Other cultural and scientific institutions surveyed, among them museums, galleries, zoos, and aquaria, are far more likely to recognize corporate donors with inscription on donor walls and plaques than with specific naming of facilities--although most indicate that the issue rarely comes up given the comparatively modest corporate gifts. The Los Angeles County Museum of Art expects $10,000 to qualify for inclusion on a permanent wall. The Met inscribes the names of top corporate donors in marble for no less than $750,000 but has never had occasion even to face the issue of a named corporate gallery. Corporations have sponsored named lecture series there. The National Aquarium in Baltimore (named by an act of Congress but with no funding relationship to the Federal government) raised private and often corporate funds for each of its permanent exhibits and lists the donor's name at the top of the exhibit.

Of the Federal and national institutions surveyed, few had strong development initiatives (the Library of Congress, for example, has only recently opened a development office) but those that do are quite strict in their policies. The National Gallery is very reluctant to name permanent facilities or programs after corporations or even to have corporate names on display. They have, for example, an internship program sponsored by Southwestern Bell, but it is called the National Gallery Internship Program.

The National Park Service is the most uncompromising in its position on naming in general, not simply corporate naming. According to its December 1988 directive, "in general, monuments or other plaques of a memorial nature commemorating individuals or events will not be erected, and physical features or structures will not be named for individuals, unless the association between the park and the individual or event is of transcendent importance or where authorized by Congress." To recognize financial gifts, some superintendents have ribbon-cutting ceremonies and allow donor recognition on signs when a building is under construction. When the structure is finished, the sign must be removed.

Arguments in Favor of Corporate Naming at the Smithsonian

(1) While it is true that there is a perceived difference between the philanthropic motives behind an individual's gift and the mercenary self-interest implied in a corporate gift, in fact, when the donation is for sums necessary for the construction or renovation of permanent facilities, the corporation is making a commitment far beyond the requirements of a commercial campaign and can appropriately be recognized as motivated by public-spiritedness. This increase in the corporate sense of public responsibility should in fact be encouraged.

(2) The sums increasingly required for major new Smithsonian projects amid strained Federal budgets require new resourcefulness and flexibility in seeking and motivating donations.

(3) The accident of future scandal attached to a name is no more likely among corporations than among individuals, witness the recent chiseling away of Ivan Boesky's name from a university building in New York or the embarrassment of the Khashoggi Gymnasium at American University.

(4) It should be noted that, increasingly, funding may be sought from international sources wherein, unlike the American tradition, there is a far greater likelihood of donation by the corporation than by the wealthy individual (as, for example, in Japan). A blanket anti-corporate naming policy might preclude the acceptance of significant sums of money from that source.

(5) Often corporate names are individual names, as with Helena Rubinstein, Frank Perdue, Ralph Lauren, and Calvin Klein. How can we arbitrarily proscribe corporate naming and accept individual naming without recognizing the continuing possibility of overlap?

(6) The Smithsonian is no more likely to accept all corporate names than all names of individuals. Decisions should be made on a case-by-case basis.

Arguments Against Corporate Naming at the Smithsonian

(1) Many will perceive the acceptance of a permanent corporate name as an endorsement by the Smithsonian and the national government of a particular business.

(2) Sometimes corporate support of a national treasure, even when only in a campaign to make the public aware of its importance as with the Philip Morris campaign to commemorate the 200th anniversary of the Bill of Rights, can be criticized as the commercialization of the national heritage.

(3) There might be public sensitivity to national institutions accepting money from and commemorating foreign corporations leading to the impression that the national heritage is for sale. This is a distasteful perception but one we should be aware of.

(4) There is the danger of corporations, even the best managed ones, falling seriously out of public acceptance; in this day and age, it is all too easy for them to run afoul of changing social, environmental, regulatory, financial, or other standards.

(5) Corporations change their names, due to mergers and acquisitions, and sometimes go bankrupt. The name permanently engraved thereafter takes on the aspect of a historic artifact.

(6) The named gift might not provide enough either to guarantee the construction or to provide for its ongoing support as a facility if the corporate giver does not want to continue support. The name creates an enormous disadvantage to continued fund-raising from other sources, particularly corporate sources, which might not welcome being submerged in or associated with another corporate identity. One could also imagine a problem with fund-raising for an exhibition in a building named for another corporate funder.

(7) There is a finite number of galleries in present museums and future naming opportunities for large facilities. While there would be short-term gain in corporate naming campaigns, this might create a difficult fund-raising climate in the future.

(8) If the Smithsonian proves too willing to name permanent facilities after corporations, that might increasingly become something they expect for their money. They may come to demand it--and for a lot less money than we expect.

(9) If corporations become major named donors and then in the future are bidding for a significant contract from the Institution, the appearance, at least, of conflict of interest will do neither the corporation nor the Smithsonian any good. This may, of course, be just as true if they endow a curatorship or sponsor an exhibition.

(10) A corporate name attached to a museum facility whose exhibitions relate to its activities might imply that only that corporation's accomplishments are heralded within. Would a theoretical "Boeing Hall of Aviation" be perceived as presenting as well the milestones recorded by McDonnell Douglas?

Recommendations

The Smithsonian should not adopt a policy of absolute refusal of corporate naming. With the changing funding climate and the increased role of

corporate philanthropy, the Institution should be willing to consider at least the possibility of recognizing a major and appropriate corporate gift in this way. Once a public institution has accepted the notion of donor recognition through naming, the distinction between individual and corporate naming is not one in kind but in degree.

That difference in degree is, however, quite important and argues for the strongest caution in accepting a corporate naming proposal. The particular disadvantages that accrue to corporate naming suggest the creation of guidelines that modify or deflect those disadvantages. These might include the following:

(1) No bureau or office should ever be given a corporate name. Although some have criticized the naming of national museums after individuals, there remains a principal distinction between the perception of individual philanthropic purpose and commercial "purchase" of a national monument. Corporate naming could work within the framework of a museum, attached, for example, to a gallery within, but never could the entire museum bear this onus. Targeted funds for named curatorships or programs carry the least disadvantage.

(2) Every possible effort should be made to persuade a corporate donor to replace the corporate name with the name of an individual important to that corporation, perhaps as founder, owner, or chief executive. Full recognition can be given to the corporation in all publicity, publications, and even plaques.

(3) The notion of "permanence" should be carefully defined. This might suggest the establishment of a time limit on the duration of the name, perhaps no more than fifty years for a major facility or even less if the corporate name changes. Individual installations or restorations should restrict naming to the life of those projects.

(4) A corporate name should be considered only when over fifty percent of major projects, with appropriate amounts for supporting endowment, are provided. Smaller projects, renovations, and installations of less than $2 million should require two-thirds of costs.

(5) The corporate name should be compatible not only with the goals and values of the Smithsonian but also with the particular purpose of the project to be funded. Incongruity and tastelessness are factors to be assessed.

(6) The Regents should consider retaining the option to revoke a name if the corporate reputation is judged to have become tarnished. There is ongoing discussion among some other institutions about inserting a so-called "good name clause" that would permit this.

Appendix #1

Institutions Surveyed on Corporate Naming

Colonial Williamsburg

Duke University

Harvard University

Library of Congress

Los Angeles County Museum of Art

Massachusetts Institute of Technology

Metropolitan Museum of Art

National Aquarium in Baltimore

National Gallery of Art

National Park Service

San Diego Zoo

Stanford University

University of California at Berkeley

University of California at Irvine

University of California at Los Angeles

University of Chicago

Appendix #2
C O P Y

STANFORD UNIVERSITY OFFICE MEMORANDUM

DATE: December 27, 1983

TO: Office of Development Professional Staff

FROM: Henry E. Riggs /s/

SUBJECT: Corporate Names

Colleagues:

The memorandum I issued on December 7, 1983 on minimum required gifts for certain types of endowment funds was the first of several on broad fundraising subjects. Their objectives will be to review and update the policies and guidelines under which we operate. Sue Nelson has collected current policies in a binder which is available for your review, and is in charge of keeping it up-to-date.

This memorandum deals with corporate names, a subject on which there have been a number of recent inquiries from staff, and an area where we must read cautiously. There is no prohibition against corporate names. We already have the Johnson & Johnson Professorship in Surgery, the Del Monte Lounge in the GSB, the FMC Lecture Hall in Applied Physics, the Shell Distinguished Professorship (a term chair) in Chemistry, and perhaps other name gifts identified with corporations. But when corporate donors have raised naming questions, it has been our policy to encourage the discussion in the direction of honoring a person who was important in the life of that company. Examples would be the Fred Merrill Professorship (Firemen's Fund) and the Jonathan B. Lovelace Professorship (Capital Guardian) in the GSB. There is no question about the University's willingness to acknowledge the donor by corporate name in publicity about the gift, and even on commemorative plaques or in such publications as Endowed Professorships at Stanford University. We would prefer to treat recognition of corporate donors in that way, but the evidence would suggest that we have been flexible in the past and I believe we should continue to be so in the future.

On the other hand, we would undoubtedly draw the line at certain corporate names that we would not want identified publicly with Stanford. There is a very fine line here, and we will have to proceed on a case-by-case basis, but it is hard to imagine that we would willingly have a professorship or a building bear the name of a gambling casino. Also, we would be likely to draw the line at names which would have the same effect as advertising and/or product promotion. Thus while the name of

the parent company might be acceptable, the name of one of its divisions identified with a product it manufactures would be questionable.

In all cases, the guideline is that when the linkage of a corporate name to a gift arises, consultation is advisable. I have asked David Fulton to represent me in such discussion. Bruce will also be available, as will I if necessary.

Finally, to help us through at least the physical plant aspects of this never-never land, the Administrative Council adopted a policy in May 1981 taking ultimate responsibility for recommending to the president, and the president for reporting to the Board, proposed names of University buildings, components of buildings, ornamental structures such as fountains, and exterior campus areas such as courts and plazas. We should always explain to corporate donors, and others, that proposals to name facilities must go through this process and that no commitments can be made until it is completed.

ADMINISTRATIVE SERVICE CENTER

Under a suspension of the rules which require actions to have been reviewed by the Executive Committee prior to their consideration by the Board, Mr. Adams was allowed to introduce the important, last-minute proposal which follows. After brief discussion the following motion was suggested and approved:

> VOTED that the Board of Regents, in recognition of the need for Congressional authorization for the use of Federal funds in the financing of the new Administrative Service Center, authorizes the Secretary to draft a bill to that effect. The Board of Regents also authorizes the Executive Committee to approve such a bill on behalf of the Board and to request the Congressional members of the Board to introduce and support it in the House and Senate.

* * * * *

As noted in the April 25, 1991, action taken by the Executive Committee to authorize the financing and construction of a new Administrative Service Center, the House Subcommittee on Public Buildings and Grounds has been examining the Institution's standing authority for the use of Federal funds for leasing and, in this matter, for applying such funds for the retirement of a private mortgage financing. On Friday, May 3, the Committee indicated to Smithsonian staff that the Institution should seek specific authority for the appropriation of funds for the mortgage payments. There is evidence that authorizing legislation will be favorably received and quickly enacted in the current session of the Congress.

It is critical to the success of this project to seek and secure authorization as soon as possible. At present, the three most competitive bidders on the project are putting together their best and final offers for selection by mid- to late-May; a solicitation for offers of financing is on a similar schedule. Contracts for construction and financing cannot be signed unless and until an authorization is enacted. As the Institution must receive at least partial beneficial occupancy of the new building no later than September 1992 -- at the end of which its lease expires at 1111 North Capital Street -- every effort must be made to secure authorization promptly.

If action on this matter can be considered by the Board of Regents, the following motion is suggested:

> VOTED that the Board of Regents, in recognition of the need for Congressional authorization for the use of Federal funds in the financing of the new Administrative Service Center, authorizes the Secretary to draft a bill to that effect. The Board of Regents also authorizes the Executive Committee to approve such a bill on behalf of the Board and to request the Congressional members of the Board to introduce and support it in the House and Senate.

ADJOURNMENT

The meeting of the Board of Regents was adjourned at approximately 11:30 a.m.

REGENTS' DINNER

The traditional Regents' dinner was held on the previous evening, Sunday, May 5, 1991, in the American Art and Portrait Gallery Building. Among the special guests of the evening were many members of the boards or commissions of the National Museum of American Art, the National Portrait Gallery, and the Archives of American Art. The cocktail reception was held in the National Museum of American Art, the dinner was held in the Great Hall of the National Portrait Gallery, and a concluding dessert buffet and reception was held in the National Portrait Gallery's exhibition, "Annie Leibovitz Photographs, 1970-1990." At the beginning of dinner, the Secretary welcomed the guests on behalf of the Board of Regents and introduced Elizabeth Broun,

Director of the National Museum of American Art, and Alan Fern, Director of the National Portrait Gallery. In their remarks, the directors spoke generally about the history of their museums and the significance of their programs. Both before and after the dinner the guests were invited to visit the following exhibitions:

In the National Museum of American Art:

"The West as America: Reinterpreting Images of the Frontier"

"Winslow Homer in the 1890's: Prout's Neck Observed"

In the National Portrait Gallery:

"Magical Mixtures: Marisol Portrait Sculpture"

"Annie Leibovitz Photographs, 1970-1990"

NEXT MEETINGS

Meeting of the Executive Committee... Monday, September 9, 1991, noon
Regents' Dinner..... Sunday, September 15, 1991, 7:00 p.m.
Meeting of the Board of Regents..... Monday, September 16, 1991, 9:00 a.m.

Respectfully submitted,

Robert McC. Adams
Secretary

M E M O R A N D U M

May 29, 1991

TO: Heads of Bureaus and Major Offices

FROM: James M. Hobbins, Executive Assistant to the Secretary

SUBJECT: Minutes of Board of Regents' Meeting of May 6, 1991

I am pleased to forward the attached Summary of Proceedings from the May 6, 1991 meeting of the Board of Regents.

As in the past, I hope you will find this summary useful and informative, and I would be pleased to receive your comments or questions.

Attachment

SMITHSONIAN INSTITUTION

SUMMARY PROCEEDINGS OF THE BOARD OF REGENTS

The Silvio O. Conte Memorial Meeting

May 6, 1991

TRIBUTE TO REGENT SILVIO O. CONTE

The Regents adopted a formal resolution expressing their heartfelt sympathy to Mrs. Conte and her family on the death of Silvio O. Conte, Congressman from the First District of Massachusetts since 1959 and Regent of the Smithsonian since 1979.

REPORT OF THE EXECUTIVE COMMITTEE

The Executive Committee of the Board of Regents met on April 25, 1991, to review the proposed agenda for the May 6, 1991, meeting of the Board. In addition, the Committee considered proposals for two matters of special urgency and approved the following motions:

> VOTED that the Executive Committee, acting on behalf of the Board of Regents, authorizes the Secretary to negotiate the most favorable terms for the purchase of warehouse space for the Smithsonian Museum Shops, based on the [accompanying] analysis.
>
> VOTED that the Executive Committee of the Board of Regents authorizes the Secretary to complete negotiations and award contracts for the financing, land acquisition, and design, construction, and equipping of the Administrative Service Center.

REPORT OF THE AUDIT AND REVIEW COMMITTEE

At the Audit and Review Committee meeting on April 22, 1991, Coopers & Lybrand noted that the Smithsonian's financial statements for fiscal year 1990 had earned an unqualified opinion and that no major weaknesses in internal controls had been observed. Highlights of Coopers & Lybrand's Report to Management for the year included the continuing need to strengthen central management of certain financial and administrative functions as bureaus and offices of the Institution increasingly engage in entrepreneurial activities. The Committee urged management to require high standards of cash management and internal controls in performance plans of responsible staff and officers.

The Committee expressed the view that the Financial Accounting Standards Board's draft rules for the capitalization of museums' historical treasures and works of art are potentially burdensome and irrelevant and ought to be vigorously challenged.

The Inspector General presented his draft semi-annual Report to Congress for discussion. Noted were findings which could redirect certain funds to better use, which question certain contract costs, and which suggest improvements in the Smithsonian ethics program. The Committee urged the

Inspector General to audit responsiveness to Coopers & Lybrand's recommendations, to give priority to internal controls in audit reports, and to draw attention to any internal audit recommendations which have not been complied with for many months.

Assistant Secretary Suttenfield gave an overview on progress toward implementing a new, modern financial management system.

REPORT OF THE INVESTMENT POLICY COMMITTEE

VOTED that the Board of Regents accepts the Report of the Investment Policy Committee and approves for fiscal year 1992 a total return income payout rate of $12.50 per share for all endowment funds.

The spring meeting of the Investment Policy Committee was held on April 2, 1991 at 9:30 a.m. The Committee discussed social responsibility in investing, especially with regard to environmental issues, and asked staff to develop a position paper for the Committee's further consideration.

In a review of the current overall financial status of the Institution, the Committee noted that endowment funds have surpassed $300 million but the operating budget is feeling the effects of the recession. The Committee felt that endowment fund-raising efforts should not be abandoned.

Among other actions, the Committee rejected an outside proposal to use endowment securities in a securities lending program, recommended a total return payout rate of $12.50 per share for fiscal year 1992, and discussed the performance of its independent investment managers.

SITE SELECTION FOR THE SUBMILLIMETER TELESCOPE ARRAY

After reviewing recommendations from the Secretary and from an external Scientific and Technical Advisory Group, it was

VOTED that the Secretary and the Director of the Smithsonian Astrophysical Observatory are authorized to negotiate with the University of Hawaii to site the SAO submillimeter array of telescopes on Mauna Kea, Hawaii.

RENAMING COOPER-HEWITT'S ADVISORY COUNCIL AS A BOARD OF TRUSTEES

Special pleasure was expressed for providing the Cooper-Hewitt with the kind of support which a Board of Trustees could offer, and it was,

VOTED that the Board of Regents renames the Cooper-Hewitt Advisory Council the "Cooper-Hewitt Board of Trustees," to reflect the group's full responsibilities and obligations to the Museum, and establishes the Board of Trustees under the Bylaws which were formerly adopted for the Advisory Council.

ANNUAL REPORT FOR FISCAL YEAR 1990

VOTED that the Board of Regents accepts Smithsonian Year 1990, the annual report of the Secretary for fiscal year 1990.

LEGISLATIVE ACTIONS AND ISSUES

VOTED that the Board of Regents requests its Congressional members to introduce and support legislation authorizing appropriations to acquire land at the Smithsonian Environmental Research Center and clarifying the availability of funding for the East Court construction project in fiscal years after 1991.

See also below, under "Administrative Service Center," where an additional legislative action was taken by the Board.

The Regents were provided a report on the status of a number of Smithsonian-sponsored initiatives, including the reappointment of Mr. McHenry, the National Air and Space Museum Extension, and the matters addressed in the foregoing motion. Additional Smithsonian-related initiatives include the National Afro-American Memorial Museum, the National Museum of the American Indian Amendments Act, the National Biological Diversity Conservation and Environmental Research Act, and the National Historic Preservation Act Amendments.

FINANCIAL REPORT

The Board was informed that a $4.2 million projected shortfall in current year unrestricted Trust fund income was covered by funds available only on a one-time basis from excess funds from the Quadrangle construction account and contingency reserves established in fiscal years 1990 and 1991. It was

VOTED that the Board of Regents approves the adjustments to the fiscal year 1991 budget of nonappropriated funds, as explained in the narrative and represented in Schedule D.

The fiscal year 1992 Federal budget request has been revised to reflect the Office of Management and Budget passback which was reported previously. The chart below summarizes the request to Congress.

(Dollars in thousands)

Appropriation Account	FY 1992 Request to OMB	FY 1992 OMB Passback	FY 1992 Request to Congress
Salaries & Expenses	$322,636	$292,450	$292,450
Zoo Construction	20,050	8,000	8,000
Repair & Restoration	35,000	31,600	31,600
Construction	83,450	25,100	25,100
Total Smithsonian	$461,136	$357,150	$357,150

House budget hearings were held on March 21, 1991. The hearings gave considerable focus to the Smithsonian's infrastructure needs and to its various educational initiatives, especially those which had been requested but cut by the Office of Management and Budget. The Senate hearing is scheduled for May 15. The Trust fund budget will be formulated for presentation to the Regents at their September meeting.

The Friends of Music at the Smithsonian, an affiliated group of supporters, has been making contributions to the National Museum of American History to support the Division of Musical Instruments for nearly 20 years. To facilitate the enhancement of their past and future contributions, it was

> VOTED that the Board of Regents authorizes the Secretary to establish, as part of the Institution's Endowment funds, a quasi-restricted fund to be known as the Friends of Music Fund and to authorize the transfer of the restricted monies identified for this purpose.

STATUS REPORTS

Smithsonian-Wide Accounting and Management Information System
Senior Pay System
Cultural Diversity and Equal Opportunity in the Smithsonian Work Force: 1984-85 and March 1991
Special Employment Initiatives
Litigation Report Summary
National Museum of the American Indian
Scholars' Residence
Quincentenary Programs
Development Initiatives
Feasibility of Gem Collection Traveling Exhibition
Status of the Mitchell Case
Bringing Synergy to Public Education -- An Update

REPORT OF THE NOMINATING COMMITTEE

The Committee is trying to identify collectively leading possibilities for at least three potential vacancies in the next two years in order to make the most rational recommendations with respect to filling the very first projected vacancy on the Board. Criteria for all searches should include: (1) exceptional people of national and international perspectives, (2) people who are willing to work hard and be committed to the work of the Board. The Committee is mindful of the importance of maintaining and possibly enlarging the representation of women and minorities and persons from regions not currently represented on the board. The Committee also feels that the Board is in need of more members with corporate or financial background and experience. The Committee expects to bring a recommendation on filling at least one potential vacancy at the September 1991 meeting, and to that end requested additional suggestions with the foregoing criteria in mind.

The Committee also suggests reevaluating the prevailing assumption of an automatic reappointment for second terms for citizen members of the Board and will consider making a recommendation of a policy in this regard soon.

AMENDMENTS TO THE BYLAWS OF THE BOARD OF REGENTS

The Regents gave preliminary consideration to two amendments to the Bylaws of the Board, one related to the designation of a chief financial officer and the other more specific guidance with regard to the procedure to be followed in cases where a member might have some personal interest in a matter coming before the Board at a meeting. It was agreed that the Chancellor and the Executive Committee will consider these further before proposing them for the Board's final adoption.

REPORT OF THE SECRETARY

Mr. Adams noted that there have been discussions between officials of the Smithsonian and the National Park Service over the Institution's access to the Mall for the annual Festival of American Folklife. At issue is the degree to which the staging and execution of the Festival is detrimental to the elm trees which line the Mall. As of a few days prior to this meeting, an agreement appears likely between the Smithsonian and the Park Service for the Institution's modified staging of the Festival on the Mall for the present year, but a longer term solution is yet to be worked out.

Mr. Adams reported that an architectural consultant's report, which is nearly complete, is expected to confirm that conversion of the northern part of the Old General Post Office Building into adequate, but not ideal, museum space is certainly possible. Unfortunately, the fact that the total amount of space in the building represents no appreciable gain over the space now allocated to either the National Portrait Gallery or the National Museum of American Art will complicate internal decision-making regarding the relocation and provisions for growth of either entity. At the same time, it has become apparent that, with the passage of time since the Smithsonian gave its first estimate of $40 million for the design and rehabilitation of the building, the total cost may now be nearly double that amount.

Secretary Adams reminded the Regents of their February 4, 1991, discussion of the Institution's indemnification of Dr. Richard Mitchell, a Fish and Wildlife Service employee who is under investigation for certain activities during a time when he was detailed to the Smithsonian under an inter-agency agreement. The Smithsonian has sought the opinion of the General Accounting Office with respect to the propriety of some aspects of the Institution's assistance in Dr. Mitchell's defense but has not received any response in writing. In the meanwhile, Smithsonian management has requested Dr. Mitchell's counsel to cease any work for which the Smithsonian might be liable at least until a response from G.A.O. has been received, and management has also asked for additional documentation for the work which has already been billed to the Institution.

Mr. Adams brought the Regents up to date with respect to the policy of the Trustees of the National Museum of the American Indian which mandates the repatriation of a broad range of funerary and sacred objects from the collections, noting that the policy will be reconsidered by the Board of Trustees soon. The Secretary doubted whether there would be anything significant happening with respect to repatriation in the meanwhile, though it was recognized that a good many museums are watching these developments carefully.

Mr. Adams and Mrs. Turner brought the Regents up to date on the status of agreements with the State and City of New York for their share of funding for the renovation of the Custom House to accommodate the Heye Center of the National Museum of the American Indian. While discussions with both the State and the City seem promising, there remains a concern about the abilities of both jurisdictions to produce the funding under current economic and financial conditions. Several Regents expressed the view that the Smithsonian's planning for a Mall museum in Washington should not be delayed by potential postponements in completing the renovation of the Custom House in New York.

The Regents were briefed on certain aspects of the recent Exposure Draft of the Financial Accounting Standards Board which are especially troublesome to the Smithsonian. These include requirements for the capitalization of museums' historical and art collections as assets, for the valuation of services contributed by volunteers, and for the valuation and recording of long-term pledges in the year received by the Institution. A Smithsonian response emphasizes the sheer impracticality of placing a value on collections of the size and unique quality of the Smithsonian's as well as the costs, which would far outweigh the benefits of putting this information in the financial statements. Smithsonian staff will appear at a hearing before the Financial Accounting Standards Board in July.

The Secretary indicated that progress is being made in the preparation of a study on the advantages and disadvantages of locating a new Mail Order fulfillment center in nearby as well as remote locations. The first parts of this study, which focus on the costs and benefits of locating the center in West Virginia, are expected to be completed prior to September, by which time an initial report will be presented to the Board.

REPORT OF THE ADVISORY COMMITTEE OF THE AFRICAN AMERICAN INSTITUTIONAL STUDY

The Advisory Committee of the African American Institutional Study, first convened in January 1990, consisted of 22 historians, educators, cultural administrators, business people, and others brought together for the purpose of considering what type of institutional presence there should be for African Americans at the Smithsonian and on the Mall. The Committee made four unanimous recommendations: (1) that there should be a free-standing African American museum at the Smithsonian, (2) that the museum should be housed in the Arts and Industries Building, (3) that the board structure ought to follow the model of the National Museum of the American Indian, and (4) that a National Trust for African American Museums should be established, with an institutional affiliation, if any, to be recommended by the African American Museums Association.

In discussion, the Secretary pointed out that the Advisory Committee's study is strictly conceptual, as it does not speak to process, cost, collections, and the duration of the effort that would be required to bring the museum to fruition. Accordingly, the Regents' acceptance of the report should be "in principle." He went on to explain that there remain major questions about what to do with the American History Museum collections presently in the Arts and Industries Building and the amount of interior renovation that would be required in that building. In their discussion, the Regents emphasized the need to identify core collections for such a museum with a great deal of care and sensitivity, expressed concern about the notion

of a Trust for African American Museums, and considered the suggested structure of the board and oversight of the museum. Concluding this discussion, the Secretary noted that it is anticipated that the staff can develop a prospectus for national African American collections for the Regents' consideration at their September 1991 meeting. It was

> VOTED that the Board of Regents endorses in principle the April 1991 findings of the Advisory Committee for the African American Institutional Study and stands ready to support the establishment of a national African American museum on the Mall. Consistent with Smithsonian policies in establishing such museums, a necessary first step is the identification of core collections for it. Accordingly, the Board of Regents encourages the Secretary to commission such a study as soon as possible.

NATIONAL CENTER FOR BIOLOGICAL DIVERSITY

Following up on the Regents' discussion of global change and biodiversity at their February meeting, Smithsonian staff and consultants have been evaluating suggestions of alternative models for the establishment of a National Center for Biological Diversity: (1) a consortium which would have its center, in effect, outside the Smithsonian, although the Smithsonian would have a lead role, (2) a center established under the Smithsonian umbrella but outside of the Board of Regents, and (3) a center established as a bureau of the Smithsonian with generally independent responsibilities and with a board of directors which would be subject to the mandate of the Board of Regents. Noting a May 22, 1991, Congressional hearing on related legislation, the Regents expressed the view, and the Secretary agreed, that the Smithsonian position on the most desirable model should be taken by the Board of Regents at its next meeting, if possible. In the meanwhile, the Secretary and his staff will indicate to the Congress and other interested parties that the Board of Regents has not yet had a chance to consider fully the options available.

THE NATIONAL COLLECTIONS AND GEOGRAPHICAL DISPERSION OF SMITHSONIAN OPERATIONS: A PRELIMINARY DISCUSSION

The Secretary reported that, while a high level of public concern for the dispersion of Smithsonian activities did not emerge from the response to his March 1991 Smithsonian Magazine "Horizons" column, there was a preponderance of opinion that, over time, some kind of dispersion of Smithsonian activities would be desirable. In his view, it has been beneficial to recognize this issue and to begin to account for the great number of complexities which are inherent in it and which need to be carefully considered.

To approach meaningful policy discussion, two major tasks will be undertaken: first, the staff will prepare an exhaustive study of all the Smithsonian activities which are already serving people across the country and, indeed, overseas; secondly, the staff will collate the most significant ideas and types of suggestions which have surfaced internally and from around the country over the years. The staff is expecting to bring to the Regents at their next meeting a more detailed plan for a comprehensive study.

In discussion, the Regents observed that in the present fiscal climate it is highly unlikely that any significant new initiatives involving incremental increases in expenditures would gain support in the Congress, particularly if the real costs for the life of the project are articulated. It was suggested that the means might usefully be explored by which much of the Smithsonian can be linked with institutions through networks all across the country -- much as the National Museum of the American Indian has envisioned its role. Additionally, the Regents expressed an interest in considering a draft policy by which they might respond to an anticipated increase in the number of arts organizations, particularly museums, which are likely to experience severe fiscal hardships over the next several years.

EXTENSION OF THE NATIONAL AIR AND SPACE MUSEUM

The staff has reduced the scope of the Extension, restricting it to the National Air and Space Museum's immediate need to protect, preserve, and restore its collection and to provide public access to elements of it that are not now readily available. This facility of approximately 670,000 gross square feet can be built at an estimated cost of $162 million if construction begins by 1993. Such a facility would permit collections currently stored in sub-standard shelter at the Museum's Garber facility in Suitland, Maryland, and airplanes, space craft, and other artifacts kept outdoors at other sites to be safely housed in hangar-like structures built to museum standards. This will ensure the preservation of historically significant artifacts for future generations, while permitting access by present day scholars and the general public.

The Extension will provide restoration space capable of handling the largest artifacts in the collection in full view of visitors and will include modest amounts of space for educational activities, a theater, a museum shop and food service. These areas are essential in order for the Museum to generate support from local communities for building the Extension. In planning for the Extension, provision will be made for basic infrastructure should expansion in the next century be contemplated.

With the Regents' endorsement of these changes in plan, the House Appropriations Subcommittee on Interior will be asked to release its hold on the expenditure of available planning funds to permit the Institution's consultant to resume and complete work on the Dulles master plan and environmental impact statement, which will require about ten months. No further planning funds will be sought until 1993. It was

VOTED that the Board of Regents concurs in the plan for a reduction in the scope of the Extension of the National Air and Space Museum to be located at Washington Dulles Airport and requests its Congressional members to introduce and support legislation authorizing appropriations for its detailed planning and design.

GUIDELINES FOR CORPORATE NAMING

Mr. Adams introduced draft guidelines for corporate naming with the thought that the Smithsonian will increasingly need to deal with the question of naming galleries and other facilities in recognition of corporate support if the Institution is to be successful in its pursuit of contributed support. In an extensive discussion, the Regents made several suggestions for further refinement of the draft guidelines, and the Secretary agreed to bring back to the September 1991 meeting of the Board of Regents a set of revised guidelines reflecting their discussion. The following motion was approved:

> VOTED that the Board of Regents endorses the recommended guidelines for its consideration of proposals to name Smithsonian facilities in recognition of significant corporate support, with the understanding that corporate names will not be affixed to Smithsonian facilities unless this provision is explicitly waived by the Board.

ADMINISTRATIVE SERVICE CENTER – INTENDED TO REPLACE 1111 N. CAPITOL ST. SIA RECORD CTR TO GET c. 6000 ft² per Gilmore.

The Secretary noted that the House Subcommittee on Public Buildings and Grounds, which had been examining the Institution's authority for the use of Federal funds for leasing, indicated recently that the Institution should seek specific authority for the appropriation of funds for the mortgage payments which would be applied toward outright ownership of the proposed Administrative Service Center. There is evidence that authorizing legislation will be favorably received and quickly enacted in the current session of the Congress. Because it is critical to the success of this project to seek and secure authorization as soon as possible, the following motion was approved:

> VOTED that the Board of Regents, in recognition of the need for Congressional authorization for the use of Federal funds in the financing of the new Administrative Service Center, authorizes the Secretary to draft a bill to that effect. The Board of Regents also authorizes the Executive Committee to approve such a bill on behalf of the Board and to request the Congressional members of the Board to introduce and support it in the House and Senate.

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Portrait Gallery Alan Fern. Before and after dinner the guests were invited to visit the following exhibitions:

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