PUBLIC/PRIVATE RESPONSIBILITY FOR FUNDING NATIONAL TREASURES: THE SMITHSONIAN INSTITUTION AND THE JOHN F. KENNEDY CENTER

(110–52)

HEARING

BEFORE THE

SUBCOMMITTEE ON
ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS AND EMERGENCY MANAGEMENT

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

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June 13, 2007

James W. Coon II, Republican Chief of Staff

SUMMARY OF SUBJECT MATTER

TO: Members of the Subcommittee on Economic Development, Public Buildings, and Emergency Management

FROM: Subcommittee on Economic Development, Public Buildings, and Emergency Management Staff

SUBJECT: Hearing on Public/Private Responsibility for Funding National Treasures: The Smithsonian Institution and the John F. Kennedy Center

PURPOSE OF THE HEARING

On Friday, June 15, at 10 a.m. in room 2167 Rayburn House Office Building, the Subcommittee on Economic Development, Public Buildings, and Emergency Management will examine the process by which two renowned federal institutions, the Smithsonian Institution and the John F. Kennedy Center for the Performing Arts plan for funding for capitol asset acquisition, and maintenance utilizing public and private funds. In particular, the Subcommittee will examine the role of these institutions' boards and funding raising.

BACKGROUND

The John F. Kennedy Center for the Performing Arts

The John F. Kennedy Center for the Performing Arts is a national presidential monument that presents more than 2,000 performances each year to audiences of nearly two million people. An additional one million tourists visit the Center each year. The construction of the John F. Kennedy Center for the Performing Arts was authorized by the National Cultural Center Act of 1958. Created as an independently administered bureau of the Smithsonian Institution, the Center was named as a living memorial to the late President John F. Kennedy in 1964. The building was constructed between 1966 and 1971 and was funded by a combination of private contributions, matching federal grants, and federal loans in the amount of approximately $34.5 million. Federal funds were further appropriated in 1971.

Due to its popularity, within the first year of operations the Kennedy Center building exceeded its visitor capacity and thus was in need of serious maintenance and repairs. In response to continued need for such funding, in 1994 Congress enacted legislation providing for a five year authorization of funds for repairs, maintenance, and capital improvements. In addition, the Board of Trustees was authorized to contract directly for the maintenance and repair work to be preformed.

The Kennedy Center includes 1.5 million square feet of usable space, including four major theaters: Eisenhower Theater, Opera House, Concert Hall, and Terrace Theater. Several smaller theaters such as the American Film Institute and the Millennium Stage, educational facilities, rehearsal spaces, and meeting rooms are also part of the facilities.

In April 2005, the Government Accountability Office recommended that the John F. Kennedy Center for the Performing Arts increase oversight of it management of federal funds, better comply with fire codes, and conform to project management best practices. The Center has implemented the measures called for in the GAO report.

The Center receives federal funding for operations and maintenance, as well as construction, through the annual appropriations process and is funded through the Department of the Interior, Environment, and Related Agencies Appropriations Act. The FY 2006 enacted funding levels for the Center were $17.8 million for operations and $13 million for construction, for a total of $30.8 million. For FY 2007, the Administration's budget requested $39.1 million for the Center in order to provide the necessary funding to renovate the Eisenhower Theater, the last major renovation in the Comprehensive Building Plan.

There are 59 members on the Kennedy Center Board of Trustees. Most of them are appointed by the President. The Board includes 13 ex-officio member, and 18 members of Congress. The members appointed by the President serve six year terms.

The Smithsonian Institution

The Smithsonian is the world's largest museum complex and research organization. Founded in 1846, the Smithsonian Institution is composed of 19 museums and galleries, nine research centers, the National Zoo, and an additional 144 affiliated museums. It is a recognized leader in international scholarship and scientific discovery. The Smithsonian has collected over 135 million objects to reflect America's cultural and scientific heritage and include such icons as the flag that flew over Fort McHenry and the Apollo 11 command module. The Smithsonian receives over 20 million visitors each year, with an additional 4.6 million visitors to traveling exhibits and 109 million "virtual" visitors. Two of the Mall Museums are the most visited in the world.

The tremendous popularity of the Smithsonian has contributed to the deterioration of its more aged buildings with heating and cooling systems in many buildings well beyond their useful life. In 2001 The National Academy of Public Administration (NAPA) issued a report that identified and recommended major changes to the Institution's facilities management practices. The Smithsonian has made significant changes to its management practices, and prepared a 10 year estimate for revitalization of its older buildings, new construction, and major repair and alternation. That estimate is about $2.3 billion.

Approximately two-thirds of the Smithsonian's total funding comes through the Federal appropriations process and is funded through the Department of the Interior, Environment, and Related Agencies Appropriations Act. In FY 2006, the Smithsonian received a total appropriation of $615 million, and requested $644 million in FY 07. Under the FY07 CR, the Institution's total appropriation was $634 million. Of this, $536 million was for Salaries & Expenses (which includes facilities maintenance), and $99 million was for Facilities Capital (for major revitalization projects).

The FY 2005 Consolidated Appropriations Act merged the repair, revitalization, alteration, and construction accounts into one capital account, which funds the activities within the Committee's jurisdiction. The Smithsonian's repair and alteration program is permanently authorized, whereas construction projects require further authorization.

In 1846, when the Smithsonian was created by legislation, Congress established a Board of Regents to administer the Institution. It is a 17 member board with 3 members appointed by the Majority Leader of the Senate, and 3 members appointed by the Speaker of the House. In addition there are citizen members nominated by the Board and approved by Congress. The current Acting Secretary is Cristian Samper.

PRIOR LEGISLATIVE AND OVERSIGHT ACTIVITY

The subcommittee has not held hearings specifically dedicated to capital asset maintenance and public and private fund raising. However, the subcommittee has held hearings with both the Kennedy Center and the Smithsonian Institution on asset related issues. A partial list of hearings and legislation include:

- P.L. 108-72 Smithsonian Facilities Authorization Act
- P.L. 108-331 to authorize the Board of Regents of the Smithsonian to carry out the construction and related activities for the VERITAS project at Kitt Peak, Tucson, Arizona
- P.L. 108-410 to authorize appropriations for the John F. Kennedy Center for the Performing Arts for fiscal years 2004 through 2007
- P.L. 107-224 the John F. Kennedy Center Plaza Authorization Act of 2002
- P.L. 106-383 to authorize the Board of Regents of the Smithsonian to plan, design, construct, and equip the astrophysical observatory in Hilo, Hawaii
- H.R. 5012 – June 13, 2002 hearing on the John F. Kennedy Center for the Performing Arts Access Study and Plaza Authorization
- P.L. 105-226 to authorize appropriations for the John F. Kennedy Center for the Performing Arts for fiscal years 1999 through 2003

WITNESSES

Mr. Cristian Samper
Acting Secretary
Smithsonian Institution

Mr. Michael Kaiser
President
John F. Kennedy Center for the Performing Arts

PUBLIC AND PRIVATE RESPONSIBILITY FOR MAINTAINING OUR NATIONAL TREASURES: THE SMITHSONIAN INSTITUTION AND THE JOHN F. KENNEDY CENTER

Friday, June 15, 2007

HOUSE OF REPRESENTATIVES,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS AND EMERGENCY MANAGEMENT,
Washington, DC.

The subcommittee met, pursuant to call, at 11:45 a.m., in Room 2167, Rayburn House Office Building, Hon. Eleanor Holmes Norton [chairman of the subcommittee] Presiding.

Ms. NORTON. Well, I apologize. Well, I have to apologize for the House of Representatives because we had a backlog of 24 votes. I do not believe that there has ever been that kind of backlog before. It was because of an issue that arose on the floor before, and not only are you being detained, but witnesses all over the House are being detained. So you have our apologies.

I would like to say good morning while it still is good morning, and welcome to today's witnesses. I am pleased to welcome our distinguished panel. Excuse me a minute.

I am sorry. That was my first version.

Mr. Kaiser, I understand that you have an appointment, and I am going to let you go first, and Mr. Graves has indicated he will come when he can. He is our Ranking Member.

I am pleased to welcome our distinguished panel and our witnesses to this hearing on public and private responsibility for maintaining our national treasures, the Smithsonian Institution and the John F. Kennedy Center for the Performing Arts, and I look forward to today's testimony.

These historic institutions are unique, priceless and irreplaceable, and they must be maintained in splendor and dignity for the American people. The John F. Kennedy Center is not only a premier performing arts center, but also a Presidential memorial like the Washington Monument and the Lincoln Memorial. The Smithsonian contains major artifacts reflecting American art, culture and development. These historic institutions have a rich history.

Initial funding for the construction of the John F. Kennedy Center came from gifts, donations and contributions in the amount of approximately $34.5 million. The total construction cost of the building was approximately $78 million, and the Kennedy Center later opened in 1971. The Kennedy Center became a living memo-

rial to President Kennedy, and it remains a tribute to the love and appreciation of the arts. Today the Kennedy Center plays host to theater, ballet and a variety of musical genres and multimedia performances for all ages.

The Smithsonian Institution was established after an English businessman James Smithson bequeathed $500,000, and Congress appropriated the interest from the initial endowment to establish the Smithsonian Institution. Since its founding, the Smithsonian has become a unique complex of world-class museums and galleries, educational showplaces, and unique research centers; and it has continued to grow with trust funds, donations from American culture and life and financial contributions. However, most of its funding continues to come from Federal appropriations. Today, the Smithsonian Institution has 19 museums and galleries, 9 research facilities, the National Zoo, and the National Museum of African American History and Culture, now approved by Congress, is seeking funding.

The Kennedy Center also gets some Federal funding to maintain the facility, but must raise considerable private funds. The Smithsonian under former Secretary Lawrence Small raised $1 billion in private donations, an impressive sum, and the kind of private funding the institution should continue to try to obtain. However, according to press reports, the Smithsonian Board of Regents approved several controversial expenditures by Mr. Small. The former Secretary consequently resigned amidst several allegations, including overspending on our housing allowance, personal use of the Smithsonian artifacts, in addition to a number of expenses having insufficient or no justification. The Regents have now responded by creating an independent review board to monitor and examine expenses, as well as a governance committee to examine board actions and responsibilities.

The conduct of the former Secretary was clearly inappropriate. However, its offensive nature over a number of years raises serious questions concerning oversight by the Board of Regents and by Congress. The self-study and corrections by the Regents that are resulting are nothing short of mandatory, but in light of the seriousness of the issues raised and the public criticism of a major American institution that depends on Federal funding, Congress would be remiss if we left the Smithsonian to its own oversight alone once again.

Larger questions concerning the appropriate mix of congressional and private funding and how to achieve both are raised, as well as congressional neglect of the Smithsonian and of its congressional funding responsibilities and the composition of the Board, consisting of distinguished Americans, many with enormous and overriding public responsibilities elsewhere, which clearly did not leave them sufficient time to meet their fiduciary obligations.

The disturbing idea of an admission fee into the Butterfly Habitat Garden was recently proposed. The fact that the Smithsonian has remained free and open to the public for its entire history is an important and a distinguished legacy to maintain. If that tradition is to be changed, Congress should look very closely at why a change is necessary, and only Congress should make such a change.

I am interested in seeking alternatives and options. Whether gradual or rapid, if one of our institutions or exhibitions gets a pass, in fairness there will be no reason to deny the same to others.

Providing unfettered access to America's rich cultural heritage in the Nation's Capital is a cherished tradition we must strive to maintain. This hearing provides a useful opportunity to look seriously at both of these revered institutions for the purpose of comparing the Board oversight, fundraising and other practices. As different from one another as they are, both are Federal treasures. We hope that this hearing on both may fertilize the search for solutions to issues affecting each.

I will soon introduce legislation that I believe is appropriate under the circumstances. The Kennedy Center and the Smithsonian continue to live up to their informal designation as ″national treasures″; however, the time is overdue to take a fresh look at these iconic American institutions to assure the American public that they are equipped to meet 21st century challenges. We look forward to the testimony of the top executives from both the Smithsonian and from the John F. Kennedy Center concerning how they see these challenges and the viability of these two great American institutions.

Thank you very much.

The Ranking Member is not here, so I will proceed straightaway to Mr. Kaiser.

Mr. KAISER. I will submit my testimony for the record to allow you to have time for questions, Madam Chairman.

Ms. NORTON. I would like you to say something, Mr. Kaiser.

Mr. KAISER. You would like me to say something?

Ms. NORTON. I certainly would. You may summarize your testimony.

Mr. KAISER. Yes, ma'am.

I will talk about how——

Ms. NORTON. You may summarize your testimony for 5 minutes. That would be helpful.

TESTIMONY OF MICHAEL KAISER, PRESIDENT, JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS; AND CRISTIAN SAMPER, ACTING SECRETARY, SMITHSONIAN INSTITUTION

Mr. KAISER. I will do that, ma'am. I will leave out the sections that discuss the programming itself, and talk about how that programming is funded.

Kennedy Center programming is supported by a mix of government, private and earned income. As a Presidential memorial, the Center receives an annual Federal appropriation of approximately $35 million per year. I should point out that the direct Federal funding provided to the Kennedy Center is used only for the operation, maintenance and capital repair of the Presidential monument.

The Kennedy Center building consists of 1.5 million square feet of usable floor space on 17 acres of land. The building contains nine theaters, two public restaurants, nine special event rooms, five public galleries, halls and foyers, and approximately 50,000 square feet of administrative offices.

Over the next 24 months, we will conclude a 10-year renovation project that has included major renovations of our concert hall, opera house, Eisenhower Theater, and grand foyer, and has included a major redesign of our grounds and an installation of updated security and life safety systems. These projects have all been funded by congressional appropriations; however, our original statute prohibits the use of these Federal funds for any programming expenses.

The extensive programming and education activities at the Center that it presents and provides are supported through private contributions of almost $50 million annually, not counting other government grants or endowment earnings, which total an additional $20 million each year. In addition, the Center earns approximately $65 million each year from ticket sales, parking fees, food service, space rental, and our gift shops. In sum, government funding represents one-quarter of our total annual operating budget. We are deeply grateful for the support.

My experience at the Kennedy Center mirrors my experience at other arts organizations that I have managed both in the United States and abroad. At the Alvin Ailey American Dance Theater, at the American Ballet Theater and at the Royal Opera House, a substantial portion of the budget was covered by private contributions. The majority of this funding came from individual donors, with substantial additional support from corporations and foundations. In every case strong artistic and educational programming was the key to private fundraising. An aggressive marketing campaign and a strong board of directors were also prerequisites. Fortunately, I am blessed with each of these assets at the Kennedy Center.

I thank the subcommittee for its continued support of the Kennedy Center, and I am pleased to answer any questions that members of the subcommittee may have.

Thank you very much.

Ms. NORTON. Thank you. Thank you, Mr. Kaiser.

Ms. NORTON. Dr. Samper.

Mr. SAMPER. Thank you, Madam Chair, and thank you for the opportunity to testify before this committee today.

We are grateful for the support of the administration and of the Congress and look forward to working with you to make the Smithsonian even stronger.

As you mentioned, the Smithsonian is the world's largest museum and research complex. Historian David McCulloughrecently described the Smithsonian as a storehouse of ideas, and it is that and much more, thanks to the people here. Thanks to them, we offer accurate, insightful and inspiring experiences. The Smithsonian has a talented workforce of more than 6,000 employees, scientists, historians, educators, curators, custodians, and many more, and they all do a great job in caring for our world-class collections, expanding our premier research, and presenting the story of what it means to be an American.

The Smithsonian is a public-private partnership that was established back in 1846 thanks to a generous bequest from British scientist James Smithson with the mission of the ″increase and diffusion of knowledge.″ as structured by Congress, it is a unique entity, an independent trust establishment of the United States. The

House select committee that originally considered the Smithsonian bequest was chaired by former President and Congressman from Massachusetts John Quincy Adams.

Supreme Court Justice Holmes wrote back in 1928, and I quote, ″Congress long ago established the Smithsonian Institution, to question which would be to lay hands on the Ark of the Covenant,″ end of quote.

This certainly does not mean that the governance of the Institution is above scrutiny. As you mentioned, the Board of Regents has appointed a three-person independent review committee to review the issues relating to compensation and expenses, which you mentioned, and we expect to have their report available on June 20th, and we also look forward to reviewing and implementing their recommendations.

The Board of Regents has also created a new Permanent Committee on Governance, and this report will be considered by the Regents at a meeting next Monday. We will work with Congress to improve accountability and to expand the valuable service that the Smithsonian offers to the public.

One of the biggest obstacles that we face in this effort is our facilities maintenance problem. Some of our buildings are treasures in their own right, but, more importantly, they enable us to educate the public, to exhibit national collections and to create the experience of a lifetime for our visitors. We are expanding that experience for learners of all ages around the world with more offerings on line, which is an expensive undertaking.

Today the Smithsonian owns or leases more than 700 buildings and structures in the District of Columbia, seven States, Panama, Belize, and Chile, a total of about 10.2 million square feet of owned space and about 1.7 million square feet of leased space, with an estimated replacement value of $5.1 billion. Some buildings are new. Many are decades old. Some are 150 years old. More than half are more than 25 years old. It is an expensive, challenging task to care of such collections and to keep our workers and visitors safe, especially in the post-9/11 world where security is vitally important.

Both the National Academy of Public Administration and the Government Accountability Office examined this matter and underscored its seriousness. The GAO said that the current funding levels are insufficient to provide the estimated $2.5 billion that is required to fix and maintain the Institution's facilities in the coming years. The Smithsonian has demonstrated that, with sufficient resources, it can manage large, complex projects. Over the last 5 years, the Smithsonian's facilities' capital obligation rate has averaged over 90 percent.

We have in the last few years opened two new museums, the Steven F. Udvar-Hazy Center of the National Air and Space Museum and the National Museum of the American Indian on the Mall. We have revitalized the historic Patent Office building, which now houses the Donald W. Reynolds Center, and launched, as you mentioned, the National Museum of African American History and Culture, as well as opened many new exhibitions and completed state-of-the-art storage facilities for our collections that are stored in flammable alcohol.

The GAO Office said in its April 2007 testimony before the Senate Committee on Rules and Administration, and I quote, ″The Smithsonian has done a very good job in centralizing and improving and professionalizing the facilities management of the Smithsonian and its operations over the last couple of years,″ end quote.

Our museums, galleries and research centers house some of America's greatest treasures. Historically the Federal Government has recognized its responsibility to ensure that these treasures are housed, preserved and exhibited in facilities adequate to the task. We are grateful for the support and continue to work to correct this massive backlog and to obtain the funds that are required for the research and activities. With the help of Congress, we can solve these problems.

Again, thank you for this opportunity, and I look forward to answering your questions.

Ms. NORTON. Thank you very much, Dr. Samper.

I will ask you both: What is the percentage, on an annual basis, of funds from Federal appropriations that each of you receive?

Mr. Kaiser.

Mr. KAISER. For our operating budget, 25 percent of our budget is covered by Federal funds.

Ms. NORTON. So, annually you receive 25 percent?

Mr. KAISER. For our operating budget. The Government then further pays for our capital costs, for 100 percent of our capital costs.

Ms. NORTON. I am only talking about the operating budget.

Mr. KAISER. Twenty-five percent of our operating budget, ma'am.

Ms. NORTON. Dr. Samper.

Mr. SAMPER. Of the overall budget of the Smithsonian, about 70 percent of the total budget is provided by Federal funds, and that would include capital investments.

Ms. NORTON. About 70 percent, did you say?

Mr. SAMPER. Seventy percent of the total budget.

Ms. NORTON. Have these amounts remained, in real dollar terms, constant over the past several years for both of you? In other words, have there been increases? Are there increases for anything except for the cost of staff? Would you explain to me whether this 25 percent has been constant in terms of expenses?

Mr. KAISER. It has, actually, diminished slightly over time because the real costs of running the Center have increased more quickly than the government appropriation has.

Ms. NORTON. But the Government in the case of the John F. Kennedy Center has never intended to pay for the entire operating cost.

Mr. KAISER. That is correct.

Ms. NORTON. How do you arrive at 25 percent, Mr. Kaiser?

Mr. KAISER. The 25 percent comes from the appropriation of approximately $20 million for the maintenance of the building, for the annual maintenance of the building; $15 million we receive through the Department of Education for education programs both by the Kennedy Center and our affiliate VSA Arts, and there is a $1 million grant that comes to arts organizations in the D.C. area.

Ms. NORTON. So that sounds like an amount for a particular year.

Mr. KAISER. That is correct.

Ms. NORTON. Overall it amounts to about 25 percent?

Mr. KAISER. Overall it amounts to 25 percent.

Ms. NORTON. And that has stayed constant?

Mr. KAISER. As I said, it has fallen slightly because the real costs of running the Center have increased, and the Federal appropriations have increased less rapidly.

Ms. NORTON. Dr. Samper.

Mr. SAMPER. Thank you, Madam Chair.

The overall budget of the Smithsonian has increased, and the appropriation from the Federal Government has increased in the last few years, but the majority of that increase has gone to two areas. We have seen an increase for facilities, upgrades and maintenance in particular, which has allowed us to make——

Ms. NORTON. I want the operating fund, not the capital fund.

Mr. SAMPER. What we would call the ″salaries and expenses account″ includes our maintenance budget. We have seen increases there, which has allowed us to improve some of our maintenance, and we have also seen some increases for the new museums that have opened specifically. But if you were to look at the overall account for salaries and expenses, we would see that the overall account has not kept up with inflation and with the mandatory pay increases, and that has resulted in an overall decrease in the overall number of FTEs available at the various museums across the Smithsonian.

Ms. NORTON. Mr. Kaiser, I recognize that the Kennedy Center is a different species of animal in some respects, but, in effect, it means you have to raise considerable funds on an annual basis.

Mr. KAISER. I do. I also have the benefit of ticket sales, which is a very substantial portion of our budget.

Ms. NORTON. And that is what I am getting to.

What percentage comes from what you have to raise and from ticket sales?

Mr. KAISER. What we have to raise and ticket sales are roughly equal, within a few percentage points for the remainder of the budget. So, roughly, 40 percent each.

Ms. NORTON. How do you raise——

Mr. KAISER. Thirty-seven percent each.

Ms. NORTON. Typically how do you raise the private funds, Mr. Kaiser?

Mr. KAISER. It is like a military campaign.

Ms. NORTON. Each year?

Mr. KAISER. Each year, which includes four major components. About 55 percent of that funding comes from individual people, people who value the work we do.

Ms. NORTON. That is from solicitations?

Mr. KAISER. From solicitations that range from people who give us $5 a year to people who give us more than $1 million a year.

Ms. NORTON. Does that mean you have an annual solicitation campaign that you send out and ask the public for funds?

Mr. KAISER. That is true for the smaller-level grants. For the larger-level grants, it is done person to person.

Ms. NORTON. So people can contribute to the Kennedy Center?

Mr. KAISER. People can contribute. They can become members of the Kennedy Center.

Ms. NORTON. How much is your membership?

Mr. KAISER. Fifty dollars a year is the lowest membership, but we have people, again, who give us over $1 million a year, and there are various efforts. You do a direct mail campaign to raise $50. You do not do a direct mail campaign to raise $1 million from a donor. So that is 55 percent of the fundraising. Twenty percent of the fundraising comes from corporations both in the form of corporate memberships or in the form of corporate underwriting for particular events.

Ms. NORTON. What do the corporations require when you ask them to underwrite an event?

Mr. KAISER. Typically corporations are looking for visibility, which means their names in programs, their names on signage, their names on advertising, et cetera. Other corporations are looking for corporate entertaining opportunities where they can bring their larger customers to performances. It is those two key services that a corporation might require.

Ms. NORTON. So, if they come to see performances, they will not have to pay since they paid——

Mr. KAISER. They will still buy tickets, but they would like to be able to get a group and have a dinner or such for their clients.

Another 20 percent comes from events. The big events are four each year. The major ones are our spring gala and the Kennedy Center Honors, at which we raise about 20 percent in total for the Kennedy Center's fundraising. The remaining 5 percent are from professionally managed foundations. Those are the larger foundations. They are the smallest piece of our fundraising effort. Each of these efforts entails a different kind of fundraising campaign.

Ms. NORTON. As to private fundraising, what sorts of increases or not have occurred since you have been at the helm?

Mr. KAISER. We have, roughly, doubled private fundraising in the last 6-1/2 years.

Ms. NORTON. How did you do that?

Mr. KAISER. To be quite honest, I think it is through both stronger programming, both educational and artistic, and then very aggressive marketing of that programming. In my experience, those are the two requirements.

Ms. NORTON. When you say the ″marketing,″ do you mean the marketing of the performances?

Mr. KAISER. More it is the marketing of the institution. It is what I call ″institutional marketing.″ it is getting people excited about your organization and believing nationwide that the Kennedy Center serves a purpose for the whole country.

You should note, Madam Chairman, that 60 percent of our fundraising comes from outside of the Washington, D.C., area, which is a testimony to the work we have done, particularly in education, to be important in each State of the Union.

Ms. NORTON. How are you doing that? Since you are one building located in the District of Columbia, how have you managed to get people and others outside of the District and this area interested in your work?

Mr. KAISER. Sure. To answer that question, I need to separate it into two parts.

The actual programming, doing the educational work outside, involves a series of activities. We bring trainers to teachers across America. We train 25,000 teachers a year to bring the arts into the classroom.

Ms. NORTON. You train them in what?

Mr. KAISER. To bring arts into the classroom so that, for example, if you are teaching American history, and you want to look at American modern dance and its relevancy to the civil rights movement, we would teach you how to do that as a history teacher.

Ms. NORTON. How do you teach that, by technology, or do you bring them here or what?

Mr. KAISER. We do it in three ways. We bring them here; we go there; and it is through technology. We run a Web site called Arts Edge, which allows——

Ms. NORTON. Do they pay a fee for this?

Mr. KAISER. No. This is all free of charge. All of our educational programming is free of charge, and so there is the effort to bring arts into the classroom across the United States.

Ms. NORTON. So, if you are seeking funds from rich Texas oil interests, you would talk about what you have done for teachers in the State of Texas?

Mr. KAISER. That is exactly correct. We have a separate report about each State in which we work and what we do in that State, and then it is a question of building interest among funders in those States, and that is done through a series of committees that support the Kennedy Center that provide their own resources, but, more importantly, that provide access to us into their communities so that we can explain the work we are doing.

Ms. NORTON. Well, what percentage of your funds comes from fundraising activities of one kind or the other of the Board?

Mr. KAISER. I would say the Board gives us a little over 10 percent of our annual private fundraising, and that comes from their direct contributions. Then, in addition, many of our Board members are extremely helpful to us in providing access to other donors who help support the Kennedy Center.

Ms. NORTON. Would you classify the composition of your Board?

Mr. KAISER. Certainly, ma'am.

There are 59 total members. Of those members, 36 are appointed by the President of the United States for 6-year terms; 14 are Members of Congress, who are appointed by the leaders of each House.

Ms. NORTON. I guess they do not contribute much.

Mr. KAISER. We have three members of the Cabinet on our Board, and then we have six ex officio members of our Board.

Ms. NORTON. So what percentage of your Board then is from the private sector?

Mr. KAISER. It is 36 out of the 59. So, roughly 65-66 percent. My math is not so good at this time.

Ms. NORTON. How does that compare, if you know, to the Board at the Metropolitan Museum of Art or MoMA?

Mr. KAISER. It is different. In other institutions throughout the United States, all of the board is appointed by the board, itself. That is, the board will have a nominating committee. That is true of the Metropolitan Museum or of the Metropolitan Opera or of any

arts organization in the U.S. They have a nominating committee of its board, and they nominate members for the board to approve. So the board is self-perpetuating. The members are not appointed by any government agency.

Ms. NORTON. Are all of your members appointed by the President?

Mr. KAISER. Thirty-six are appointed by the President, and the remaining 23 are ex officio members. We have no Board members who are appointed by the Board itself. That makes it unusual.

Ms. NORTON. I am not asking for names, but are people who serve an important post in the government, such as the Congress of the United States, frequent participants in your meetings and committee meetings?

Mr. KAISER. I think it varies dramatically by member.

Ms. NORTON. They what?

Mr. KAISER. It varies dramatically by member. Some members are extremely involved and come very frequently, and others do not, but almost all send representatives, staff members to almost all of our committee and Board meetings.

Ms. NORTON. Well, wouldn't you say that the majority would have to send staff?

Mr. KAISER. Yes, I would say the majority would have to send staff to our meetings.

Ms. NORTON. Are there or have there been naming opportunities associated with your fundraising?

Mr. KAISER. We are prohibited to name any physical spaces at the Kennedy Center because we are a Presidential memorial. We have been able to name particular programs.

Ms. NORTON. Such as? Give me an example of a named program.

Mr. KAISER. We would have the Fortas Series, which is our chamber music series, which was named for Justice Fortas, who gave the first endowment, that has been supplemented by his widow, to create our chamber music series.

So we can name a series of performances, but we cannot name a physical space. The only physical space that is named at our Kennedy Center is our Eisenhower Theater, which was named after President Eisenhower because the original authorization of the Kennedy Center happened in 1958 under his administration.

Ms. NORTON. I worked with the Kennedy Center when they had this grand plan, this grand and wonderful idea—I do not know if it came from you or from your predecessor—for a plaza and additional buildings, and most of this, of course, was to be privately funded.

Could you tell the subcommittee whatever happened to these wonderful plans and whether or not, for example, there has been any work to connect the Kennedy Center to the rest of civilization so you could walk there?

Mr. KAISER. It is a painful subject, ma'am.

Shortly after I arrived, we began work on this project. Actually the initial work was done before I arrived at the Kennedy Center by the Department of Transportation, and we had planned to build the connection to essentially extend E Street from downtown all the way to the Kennedy Center, and to build two new buildings on this plaza that would have been created. It was a true public-pri-

vate partnership where the government was going to pay—the Federal Government was going to pay to create the plaza and move the roads, and the Kennedy Center was going to raise private funds to build the two buildings on this plaza.

We were able to raise very quickly $150 million of what we estimated to be a $300 million cost for the private buildings, but because of changes in the Highway Trust Fund legislation, we were not appropriated any Federal funds for this project. So that project is in abeyance.

Ms. NORTON. Just to get the roads that would connect the Center so that people who walked through the Mall could get there, do you have any idea what that amount would be?

Mr. KAISER. It was going to be roughly $600 million.

Ms. NORTON. I am wondering whether you think being a Presidential standing memorial has been a benefit or a hindrance to you in fundraising.

Mr. KAISER. It is so wrapped up in our identity that it is a hard question to answer. We think of ourselves first and foremost as a Presidential memorial. We believe that President Kennedy was so associated with the arts that it is an advantage to us to be creating art in his memory. We have never—we believe——

Ms. NORTON. If you were in New York or, for that matter, here, and you had your private institution that was already built, do you think it would be easier or more difficult?

Mr. KAISER. I think it would be more difficult. I think we have had an advantage in being a Presidential memorial.

Ms. NORTON. So, when people know you are a Federal institution representing a memorial to an assassinated President of the United States, does that add some cache when you come and ask for money as opposed to——

Mr. KAISER. I think the answer is ″yes,″ but I think, if our programming were not substantial, that would not be the case. I think far more people relate to specific programs we do, and if we had been named the ″Kennedy Center″ but were not living up to that name, I am not sure we would have an easy time raising money.

Ms. NORTON. It has been a pleasant experience to go to the Kennedy Center since 9/11, and I don't feel like I am going into a garrison. Would you explain how you have handled the security challenges presented to you and how you have been able to keep the Kennedy Center an open institution to the public?

Mr. KAISER. Yes. It has been a big challenge, obviously, and there is a difference between security perception and security reality, and we have been focusing on the security reality, which is how do we keep people maximally safe.

There have been two major projects. One has been to move much of the traffic further away from the Kennedy Center because it is our belief, and that of all of the experts we hire, that it is the cars and traffic that are much more of a risk to the Kennedy Center than any human being is.

Ms. NORTON. Now, that was possible because the Federal Government funded that, and they funded that because of security. You can get infrastructure funds when it comes to security.

Mr. KAISER. That is correct.

Then there is substantial additional security throughout the building in ways I would rather not enumerate publicly——

Ms. NORTON. Yes, please.

Mr. KAISER. —to protect the people who come into a building. What we did not decide to do was to have metal detectors, et cetera, and for a couple of reasons.

Number one, as I stated, we do not believe an individual's coming in is the main source of danger, but also, because so much of our traffic happens within a 1-1/2-hour period, we also are not in the situation where we have a steady flow of people coming in or of traffic coming in. We have a very concentrated flow of people.

Ms. NORTON. So people can enter the building without going through a detector?

Mr. KAISER. That is correct.

Ms. NORTON. It is very important to note, and I am on the Homeland Security Committee as well, and we are still learning in this country, from being an entirely open society, to be an open society in a period of global terrorism.

One thing that is quintessential to good management is determining the risks and consequences before shutting a place down and driving people away who are left really wondering what kind of place this has become, particularly when you consider this is a Presidential memorial.

Mr. KAISER. We have, Madam Chairman, added about $120,000 a year of expense for new security systems to make sure that we are as secure as possible.

Ms. NORTON. Could you briefly update us on the fire safety program?

Mr. KAISER. Surely.

We have embarked, as I said, on a 10-year program to renovate the Center. So far we have installed new sprinkler systems in our concert hall, our opera house, our terrace theater, our family theater, our theater lab, our terrace gallery, our motor lobbies, our garages, our restaurants, our kitchen, our office areas, our mechanical and electrical rooms, and our elevator machine rooms.

We implemented corrective work at fire separations. We have installed standpipe systems. We have refireproofed steel structures where needed, and we installed fire-rated enclosures and exit signs where needed. In addition, we added a fire alarm system and a public address system.

What we are still yet to do and will complete within the next 24 months is the finishing of the renovation of our Eisenhower Theater and also installing sprinklers in our roof, terrace level. This will be completed, as I say, within the next 24 months, and then we will have completely reinstalled a new fire system throughout the entire Kennedy Center.

Ms. NORTON. Some of us are very enamored with your Shakespeare idea. Would you talk about that idea, how you have spread it and how you perceived it?

Mr. KAISER. Surely, ma'am.

I was very interested—we are interested at the Kennedy Center in being a good citizen within our community. I am particularly interested in the fate of the smaller arts institutions in Washington that may not get as much visibility as I think they deserve. So we

conceived of a project that would involve arts organizations throughout the District and even some outside of the District, and the notion was that Shakespeare was a perfect vehicle because Shakespeare has such a huge influence on so many art forms. So we gathered a group of approximately 60 arts organizations throughout this area, each of which created a project that involved Shakespeare in some way, shape or form.

The Building Museum, for example, created a Globe Theater. Many of the theater companies did productions of Shakespeare. The National Symphony Orchestra did music inspired by Shakespeare. We have jazz performances inspired by Shakespeare, et cetera.

Over the last 6 months, the entire D.C. area arts community has worked together to create this project. It has received a great deal of visibility, just one measure of which is the opening performance, which was a reading of a Shakespeare play Twelfth Night, that we had in our concert hall. Seventy-two hundred people showed up for our staged reading of Shakespeare. There were 2,400 seats. So that is one measure of the popularity of this festival.

Ms. NORTON. Do you perceive that this has increased the popularity and attendance of the Center or of the understanding and the appreciation for Shakespeare? Is there any indication of that?

Mr. KAISER. Well, we certainly have done a great deal of educational work to explain Shakespeare. We have created two different Web sites. We have created educational modules to help explain Shakespeare to more students. We have felt a great deal of activity at the Center for every Shakespeare-related program.

I think almost as important is in our discussions with the smaller arts organizations around town, we hear from them that they are seeing a great increase in their attendance because of their participation in this project.

Ms. NORTON. Now, only one play? Did you say it was Twelfth Night that you did?

Mr. KAISER. That was just the first. That was the opening night. There have been many plays throughout the whole District that were Shakespearean.

Ms. NORTON. Did you decide to do only one there because of the other Shakespeare theaters in this——

Mr. KAISER. No. We, actually, also did a Royal Shakespeare performance of Coriolanus, and we did a French-Canadian production of The Tempest. So we did several, but we coordinated amongst all, and Michael Kahn, the artistic director of the Shakespeare Theater, helped to coordinate and to curate this so that there was no duplication. So there was only one Hamlet, traditional Hamlet. There was only one traditional Coriolanus, et cetera.

Ms. NORTON. Thank you, Mr. Kaiser.

I am going to ask Mr. Graves, the Ranking Member, if he has an opening statement.

Mr. GRAVES. I do have an opening statement, but if you would rather, I will just submit it.

Ms. NORTON. Anything you would like to say for the record is welcome at this time.

Mr. GRAVES. Well, I apologize for being late. We, obviously, had votes that ran a little bit long, and I do appreciate you all coming

in. I want to thank the witnesses for being here. I know, you know, again, that we are working on a finite schedule, and I think that the witnesses have to leave.

Ms. NORTON. Yes.

Mr. GRAVES. I think I can pretty much submit my statement for the record.

What I am interested in just as much as anything else—and I am sure that the Chairwoman has covered it—I definitely am interested in the safety of the facility—of the facility itself and of the individuals who are in charge of overseeing the facility.

I think that the Smithsonian and the Kennedy Center are wonderful treasures that we have, and it is probably—you know, every time that we get folks who come into D.C., that is the first thing they want to see, and we have to make sure that it maintains the status as, you know, one of the finest things to visit when you are in Washington, DC.

So I will submit my statement for the record, recognizing that we have got some time problems, but I do appreciate the Chairwoman for having this hearing, and I am very interested, and I will follow up.

Ms. NORTON. Mr. Kaiser, before us is the reauthorization of the Kennedy Center in this Congress.

Could I finally ask you about bequests? Do you actively seek bequests and get bequests for the Kennedy Center?

Mr. KAISER. Yes, we do. We actively seek bequests. In fact, we have something called the Roger L. Stevens Society—that was named for our founder Roger Stevens—which is a group of people who leave us money in their wills, and we have to encourage people to join this group, and then we meet with them annually, and we are very fortunate to receive bequests.

Ms. NORTON. Well, Dr. Samper, you are here because of a bequest, as it were, or at least because of a contribution.

Does the Smithsonian Institution have an active, ongoing program for bequests?

Mr. SAMPER. Yes, Madam Chair, we do, and we are fortunate to have received bequests since our origin in 1846 and every year, and we do have an active program.

Ms. NORTON. Could I ask you how often the Board of Regents meets?

Mr. SAMPER. Yes, Madam Chair.

The Board of Regents holds four meetings every year and any additional meetings as necessary. This year, clearly, given recent events, they have held an additional two meetings. In addition to that, the Board of Regents has five committees that meet regularly, each of them three or four times a year, and they have an executive committee that also meets four times a year.

Ms. NORTON. Now, the executive committee had or has extraordinary power?

Mr. SAMPER. The executive committee is allowed to make certain decisions in between the sessions of the Board of Regents as established by the bylaws.

Ms. NORTON. What power does it have that boards usually have? I want to ask the same question of Mr. Kaiser.

Mr. SAMPER. The executive committee can, in between the board meetings, for example, and given recent events that have happened, Madam Chair——

Ms. NORTON. Does everything that the executive committee does come as a ratification to the Board?

Mr. SAMPER. All of the minutes and decisions do go to the Board, and many of them have to be ratified, but the main role——

Ms. NORTON. Do the major decisions come to the Board?

Mr. SAMPER. They come to the Board, and they are recorded there, yes, ma'am.

Ms. NORTON. Do you have an executive committee, Mr. Kaiser?

Mr. KAISER. Yes, we do.

Ms. NORTON. How does the executive committee vis-a-vis the Board——

Mr. KAISER. The executive committee—since the Board is so large, it is a smaller group of Board members who help advise on serious issues. Any resolution that would get passed by the executive committee would also go to the Board, but they are a group where you can have a better conversation amongst 12 people than you can amongst 59 people.

Ms. NORTON. But everything goes to the Board if it is a thing of any moment?

Mr. KAISER. The budget. Every major project. Every budget, every capital item, et cetera, goes to the Board as well.

Ms. NORTON. Who sets the wage or the salary for—shall we call him the CEO since you have different titles among you?

Mr. KAISER. We have a personnel committee of the Board that worked with the Chairman and an outside counsel who did a study of recommended salary levels who then created the contract for the CEO.

Ms. NORTON. And increases come to the full Board?

Mr. KAISER. This contract was written at the time that I was engaged, and then it was revised one additional time for a period of years. It was not a salary level that was approved by the full Board. It was approved by the personnel committee and the Chairman.

Ms. NORTON. The initial contract was approved by whom?

Mr. KAISER. The initial contract—the nonfinancial terms are approved by the whole Board, but the financial terms are done by a smaller group.

Ms. NORTON. And that smaller group does not report——

Mr. KAISER. It is part of the Board. It is a group of the Board, one of our committees called the personnel committee, that reports to the Chairman.

Ms. NORTON. The decision regarding the salaries of the top officials, is that reported to the Board? Is that ratified by the Board?

Mr. KAISER. The salaries for the top officials are set by me. They are part of our budget.

Ms. NORTON. What about your salary? Is that reported to the Board after being set by——

Mr. KAISER. My salary is set by contract, a multiple-year contract.

Ms. NORTON. I mean, does that include the increases and the——

Mr. KAISER. Yes, that includes everything in there, and it is ratified by the Board. The salaries of other employees are part of our annual budget, and that budget is approved first by the finance committee and then by the executive committee and then by the full Board.

Ms. NORTON. Well, suppose the Shakespeare idea was such a colossal idea that it—I do not know—sent the Kennedy Center into the stratosphere of fundraising and other things. Would a bonus come forward outside of your contract?

Mr. KAISER. I have a small bonus within my contract, but I have no bonus outside of my contract, and I am expected to do extraordinary work, so I am not entitled to any other bonus.

Ms. NORTON. Let me ask you the same question, Dr. Samper. Who sets—and I am talking about even if there are recent changes. I expect you to indicate that to the subcommittee. You know, I would expect that you would speak about both before and after if, in fact, there have been recent changes.

Mr. SAMPER. Madam Chair, as to the current process, the Board has a compensation committee that meets and reviews all of the compensation of all of the top senior-level executives at the Institution, and their recommendations go to the full Board for approval. That compensation committee was established a few years ago. I think it was 4 years ago. Before that, most of the negotiations were done by the executive committee of the Board of Regents. So, at this point, all of the top executives are reviewed based on the recommendations of management, and it is reviewed and goes to the full Board for approval.

Ms. NORTON. Mr. Kaiser, I see you are nervous about the time.

Mr. KAISER. I am.

Ms. NORTON. Could I ask you just one more question?

Mr. KAISER. Yes, of course, anything you want.

Ms. NORTON. I am interested in whether or not there is a housing allowance or any allowance other than salary.

Mr. KAISER. No, ma'am. I get no compensation apart from my salary.

Ms. NORTON. I appreciate that you waited. I know that the committee has inconvenienced you, and I will allow you to go now.

Mr. KAISER. Thank you so much, Madam Chairman.

Ms. NORTON. Would you, Dr. Samper, give us a breakdown of your funding sources, the Federal Government, donations, grants, bequeaths, and others?

Mr. SAMPER. Yes, Madam Chair.

The budget for fiscal year 2006 would include the Federal appropriations and what we would call the ″trust funds.″ for fiscal year 2006, the salaries and expenses were $516.6 million.

Ms. NORTON. I am sorry. I was distracted for a moment. Would you——

Mr. SAMPER. Salaries and expenses were $516 million. These are——

Ms. NORTON. No. I asked you for the breakdown of your funding sources.

Mr. SAMPER. Federal appropriations. The overall——

Ms. NORTON. I know about that, but what about donations or grants?

Mr. SAMPER. I am coming to that, Madam Chair.

Ms. NORTON. All right.

Mr. SAMPER. What I was saying is that our budget includes Federal appropriations and trust funds. For Federal appropriations, the total amount for fiscal year 2006 was $615 million. Of that, $516 million were for salaries, and $98 million were for facilities capital.

What in our budget would be called ″trust funds″ amounted to $332 million, and that included $112 million for grants and contracts; $161 million of what we would call ″restricted trusts″ that would include the gifts and bequests that have a particular objective in mind; and a total of $58 million of what we would call ″unrestricted trusts,″ which are general donations that are not earmarked for any particular activity within the institution.

So the total on what we would call ″trust funds″ would be $332 million, and the total of Federal funds would be $615 million for fiscal year 2006.

Ms. NORTON. Does the Smithsonian have an annual goal for private fundraising that you would expect to receive from private fundraising?

Mr. SAMPER. Yes, Madam Chair, we do. For this fiscal year our goal is $115 million in private gifts.

Ms. NORTON. One hundred fifteen million dollars?

Mr. SAMPER. In gifts. That does not include grants and contracts, which are a very important part of our activities for the research part of it.

Ms. NORTON. How are those funds raised? I realize you are acting and you are new.

Mr. SAMPER. Yes.

Ms. NORTON. Typically who raises those funds?

Mr. SAMPER. There are a number of people who are involved. That includes, of course, the Secretary, the Directors of the various museums.

Ms. NORTON. The Directors of the museums separately raise their own——

Mr. SAMPER. As part of the activities, yes, and it is included in our performance plans, and having been a director——

Ms. NORTON. Is the private funding divided on a 70 percent basis to each of them?

Mr. SAMPER. No. It depends on each of the museums. There are some museums that have a much larger proportion of the private funds or endowments; for example, in the case of the Freer/Sackler Galleries, which have a large endowment that was set when it was done. So it depends on each of the museums.

Ms. NORTON. Which part of the museum is most dependent on Federal funds?

Mr. SAMPER. I think what you find is the larger museums——

Ms. NORTON. I mean, obviously, the Smithsonian is most dependent on Federal funds.

Mr. SAMPER. Yes, all of the large museums and, in particular, those museums where you have very large collections. So, for example, the National Museum of Natural History, the National Museum of American History, the Air and Space Museum, those museums have as part of their charge or are dealing with the bulk of

the collections of the Smithsonian, or they are receiving the largest number of the visitors. Those tend to receive a large appropriation on the Federal side.

Ms. NORTON. Is it the Director, or whatever the title is, of these museums who receives a larger amount, say, at the Natural History or Air and Space? Which did you say?

Mr. SAMPER. American History. It really depends across the 19 museums and the research centers, so——

Ms. NORTON. What fundraising responsibilities do their Directors have?

Mr. SAMPER. It depends on the moment and the projects, but the $115 million that I mentioned in overall fundraising as our target includes the responsibilities and the allocations that we do by each of the museums. The figure I am most familiar with, of course, is that of Natural History, having been the Director of that museum myself. Our target there was about $8 million this year, and we have brought in about $20 million so far. So it depends on the projects that we are doing in each of the museums.

Ms. NORTON. So is fundraising done for the Smithsonian, or is fundraising done for each of these——

Mr. SAMPER. We do both. I mean, each of the museums individually will do fundraising activities.

Ms. NORTON. Is that done collectively as a group? Is there a development apparatus that knows how to raise funds for each of these different functions?

Mr. SAMPER. We have a Central Development Office that serves the overall Smithsonian Institution, with a team of people, and they have particular duties, including all of the research background for potential prospects and the coordination of activities across the museums so that we make sure that we are all approaching the donors in a consistent manner.

Ms. NORTON. That is the Central Development Office?

Mr. SAMPER. That is the Central Development Office.

Ms. NORTON. Now, do each of the other facilities have their own central development offices as well?

Mr. SAMPER. The larger museums would have a small development staff in each case. In the case of Natural History, we had three or four people in addition to our development activities, and I would add that, in terms of the governance, all of the large museums also have advisory boards, and those boards are actively engaged in the fundraising activities.

Ms. NORTON. I will ask you the same question I asked of Mr. Kaiser. Has the funding been flat, and over what period of time? Obviously I am just talking about operating funds.

Mr. SAMPER. Just the fundraising from private funds over the last decade has been increasing to the Smithsonian. You do find certain peaks that relate to particular facilities. So, say, when we are actively fundraising for the National Museum of the American Indian, you would see a peak associated with that activity.

Ms. NORTON. What percentage of funds for the Museum of the American Indian came from the Federal Government?

Mr. SAMPER. Bear with me. Approximately half. I can get you the exact figure, Madam Chair. About half of the funding.

Ms. NORTON. Were the tribes solicited for funds?

Mr. SAMPER. Yes, they were.

Ms. NORTON. Did they give substantial funds?

Mr. SAMPER. They were important contributors to the overall project, yes, ma'am.

Ms. NORTON. What about the Portrait Museum? That is a wonderful facility.

Mr. SAMPER. As to the Portrait Gallery—again, in all of these new museums, we are doing renovations——

Ms. NORTON. How is the Portrait Gallery funded?

Mr. SAMPER. The Portrait Gallery includes Federal funding.

Ms. NORTON. What percentage is Federal funding, and what percentage is private funding?

Mr. SAMPER. I do not have that breakdown before me, but I will be happy to get that for you.

Ms. NORTON. What about the zoo?

Mr. SAMPER. The zoo is primarily Federal in terms of its funding, and they do some fundraising activities on the order of about $10 million a year.

Ms. NORTON. Do you feel that there has been a systematic exploitation of fundraising possibilities by the Smithsonian over the past couple of decades?

Mr. SAMPER. I think fundraising two decades ago was almost nonexistent at the Smithsonian. As I see the record, we have been steadily focusing more and more on that. Prior to 1997, the level of fundraising that we were doing was quite limited, and we have seen a steady increase. I think certainly over the last decade, it has been a very important part of our activities. We are consistently bringing in about $120 million in gifts every year at this point.

Ms. NORTON. You have a very substantial and challenging task with so many institutions, but there are others who would say you had marvelous opportunities. If you had 19 museums and galleries, a zoo, nine research facilities, one might look at that in one way as, ″Oh, my God.″ the other way to look at this is to look at all of these avenues for raising funds.RPTS MCKENZIEDCMN MAYER[12:45 p.m.]

How do you perceive it? How does the Board of Regents perceive it?

Mr. SAMPER. Well, my view is that that diversity of activities is part of the strength of the Smithsonian.

Ms. NORTON. How do research facilities fund it?

Mr. SAMPER. Primarily through Federal funding and grants, and contracts in particular. So in the case of our astrophysical observatory and the activities there they are involved with, they get grants from NASA.

In the case of——

Ms. NORTON. They compete for grants the way universities do?

Mr. SAMPER. They certainly do. Most of our research facilities are very aggressive in terms of grants and contracts, and that is most of their outside funding; not so much private gifts, but——

Ms. NORTON. Any idea of what their track record is in receiving competitive grants from the government?

Mr. SAMPER. Overall, very good, Madam Chair. And as I mentioned before, across the nine research facilities and some of the

museums that have important research programs, we bring in over $100 million a year in grants and contracts.

Ms. NORTON. And that is apart from this $100 million?

Mr. SAMPER. Yes, correct.

Ms. NORTON. What is the composition of the Board of Regents?

Mr. SAMPER. The Board of Regents, the way it was established with the original act of Congress includes 17 members. There are two ex officio members who are the Chief Justice of the United States and the Vice President. There are six Members of the Congress, three from the House and three from the Senate, that are appointed.

Ms. NORTON. Would you hold a minute?

I am sorry. Would you begin again?

Mr. SAMPER. Yes, Madam Chair. As I was saying, the Board of Regents is made up of 17 members. There are two ex officio members, the Chief Justice of the United States and the Vice President. There are six Members of Congress, three from the House and three from the Senate, and there are nine what we call ″citizen regents,″ and those citizen regents are nominated by the——

Ms. NORTON. So, overall, the percentage of public officials to citizen regents is——

Mr. SAMPER. There is actually a majority of citizen regents.

Ms. NORTON. Because you are excluding the ex officio members?

Mr. SAMPER. Yes. We have nine.

Ms. NORTON. The Members of Congress are ex officio members or sitting members of the Board?

Mr. SAMPER. They are members of the Board and they are appointed—in the case of the House they are appointed by the Speaker. They serve as members of the regents with fiduciary responsibilities.

Ms. NORTON. So there are six of each?

Mr. SAMPER. There are three of the House and three of the Senate. So you have nine citizens.

Ms. NORTON. Total is six.

Mr. SAMPER. So you have nine citizens, total six Members of Congress, and the other two are the Chief Justice and the Vice President. So you actually have a majority of citizens and the three branches.

Ms. NORTON. Given their duties in Congress, do most Members of Congress send proxies of one kind or the other, namely staff, to meetings?

Mr. SAMPER. There are some cases, but in my experience Madam Chair——

Ms. NORTON. Well, your experience meaning as the acting——

Mr. SAMPER. Well, certainly as acting, but actually based on the records that I reviewed, most of the Members of Congress have been very active and certainly show up. In the two meetings that have taken place since I came——

Ms. NORTON. I am trying to get a snapshot not of what has happened since the roof fell——

Mr. SAMPER. Correct.

Ms. NORTON. —where I would expect people to show up. I am trying to get a candid and honest view of whether people who hold high office, like the Vice President—I mean, I can go and get at-

tendance. What I am asking for you to tell me is whether people whose day job is here in the House regularly over a period of, let's say, 10 years have regularly been able to attend meetings.

Mr. SAMPER. Our experience is they are actively engaged. Most of the congressional members——

Ms. NORTON. I didn't ask you if they were actively engaged. I don't even know what that means.

I am trying to get very specific information, and I can get that information simply by asking you submit it to me, if you prefer.

Mr. SAMPER. I would be happy to do that, Madam Chair.

Ms. NORTON. I am not trying to cast aspersions on anybody. This is an institution which got into some trouble. I don't think anybody was at fault. And I can tell you one thing, that just as I could not come up here when there was a vote on the floor, I don't care how many meetings you were having over there, I know what my major responsibility is. And if there is a hearing here and there is a meeting there, I also know what my regular responsibility is, and it doesn't take a markup to know that.

But if the institution hasn't been looked at for decades, if, for example, no one has wondered about the increasing responsibilities of the Congress and the much greater scrutiny of public institutions today—I must say, not by us—when it comes to the Smithsonian and the Kennedy Center but certainly brought by the media and now the blogs and whoever will take a picture with a cell phone. If that isn't done, it is no criticism to anyone who has participated to say, let's take—let's look with fresh eyes at it.

What you are telling me is that despite the increasing responsibilities of Members of Congress with roles on committees, with responsibilities here, with scrutiny on us here, that it hasn't mattered.

I want to understand that, too.

Mr. SAMPER. Madam Chair, based on my review of minutes and records of attendance, what I can tell is that most of the regents have attended the meetings, including Members of Congress, including the Chief Justice.

Ms. NORTON. When do you have the meetings of the Board?

Mr. SAMPER. On Mondays.

Ms. NORTON. What time of the day?

Mr. SAMPER. In the morning. The Board has met as a committee in the morning. They are always done Monday mornings precisely to facilitate the scheduling relating to Congress; and as I mentioned before, meetings of the year, there are——

Ms. NORTON. Would you submit to this committee the record of attendance for members of the Board over a period of the last 10 years?

Mr. SAMPER. We will put that information together, Madam Chair.

Ms. NORTON. Who is in charge? Is there a chairman of the Board? Who presides at these meetings?

Mr. SAMPER. There are two figures. There is a chancellor of the Board.

Ms. NORTON. What is that?

Mr. SAMPER. The chancellor of the Board is appointed by the Board itself. By tradition, the chairman of the Board has been the

Chief Justice of the United States. In addition to that, there is a chairman of the executive committee of the Board that, by tradition, has been one of the citizen regents.

Ms. NORTON. Now, the chancellor, does the chancellor have to be a citizen regent? Or can he be a public official?

Mr. SAMPER. It can be selected. It is appointed by the Board, so it doesn't have to be. But the chancellor, as I mentioned, by tradition has been the Chief Justice of the United States.

Ms. NORTON. I thought you said the chancellor is the Chief Justice.

Mr. SAMPER. But appointed by the Board. It is not automatic. The bylaws establish——

Ms. NORTON. Has the chancellor over the past couple of decades been, in fact, the Chief Justice?

Mr. SAMPER. Yes, ma'am.

Ms. NORTON. Does he preside at meetings?

Mr. SAMPER. Yes, he does.

Ms. NORTON. If he is unable to attend a meeting, who presides?

Mr. SAMPER. The chairman of the executive committee of the regents, which is a citizen regent.

Ms. NORTON. Some changes were made after the fact when the matter involving Secretary Small arose. On what basis were they made—some things that had not been approved, some expenditures that had not been approved?

Mr. SAMPER. If you are referring—I don't know which you have in mind, Madam Chair. But from the records—as you know, I have only been Acting Secretary for 10 weeks. So I am going on the records of what I read. There were some decisions that were passed to clarify——

Ms. NORTON. There were what?

Mr. SAMPER. There were decisions passed by the Regents to clarify in the case of something like the housing allowance of Secretary Small and what it covered. Specifically, it was to clarify what was to be included under that term of the——

Ms. NORTON. Was something ratified?

Mr. SAMPER. They clarified what was included and what was the intent and also some of the issues about the types of expenses and travel that were covered by the original contractors.

Ms. NORTON. Were any of those expenses disallowed?

Mr. SAMPER. Not that I am aware of, Madam Chair.

Ms. NORTON. So, in effect, they were ratified? Whatever was spent was ratified?

Mr. SAMPER. There was a review that was done, and there was an independent review of the expenses, and that went to the audit and review committee of the Regents.

Ms. NORTON. There was what? I am sorry.

Mr. SAMPER. There was a review that was done of all of the expenses of Secretary Small. And that original review went to the audit and review committee of the Regents.

As I mentioned before, Madam Chair, the Regents have also appointed an independent review committee that is currently reviewing all of the issues relating to the expenses. They will be receiving their report about that independent review; that will come to the

Regents, and the Regents may make additional decisions once they receive——

Ms. NORTON. So all of Mr. Small's expenses were subsequently deemed appropriate?

Mr. SAMPER. Well, at this time, there is an independent review that includes——

Ms. NORTON. If there is an independent review, why did the Board of Regents feel it necessary to ratify the expenses of Mr. Small, some of which I understand occurred after he resigned?

Mr. SAMPER. Not that I am aware of, Madam Chair.

Ms. NORTON. What are you not aware of?

Mr. SAMPER. That there were any expenses of Mr. Small approved after he resigned.

Ms. NORTON. Well, but each and every expense of Mr. Small has been ratified by the Board of Regents.

Mr. SAMPER. The Regents have reviewed the expenses for Mr. Small and did an initial review of those expenses. They have appointed an independent review.

Ms. NORTON. Excuse me. It would be one thing to say they were reviewing, and I can understand that.

I am asking, have they not ratified, in effect, signed off on some of those, if not all of those, expenses?

Mr. SAMPER. I don't think, Madam Chair, they have approved or reviewed individual expenses. What they did was clarify what the intention was relating to travel and the housing allowance of Secretary Small as a general statement.

Ms. NORTON. And clarifying what their intention was, were they saying that these expenses met the intent?

Mr. SAMPER. In most cases, yes, ma'am.

Ms. NORTON. So I still cannot understand, you are saying anything except that they found the expenses that he incurred were appropriate or at least were intended by the Regents.

Mr. SAMPER. Yes, ma'am.

Ms. NORTON. What is the status of the Arts and Industries Building, please?

Mr. SAMPER. Madam Chair, the Arts and Industries Building, as you know, is a very important part of the institution. And the current status is that following an analysis of the structural stability of the roof and some of the facilities, there was a decision to actually close the building to the public and then vacate all of the offices. So the building at this point has no collections and is off limits to the public.

In reviewing our options going forward in terms of the investment, we have estimated what it would actually cost to stabilize the building, fix the systems, including the roof and electrical systems and other areas. And at this time there is a decision by the Regents to pursue potential public-private partnerships in terms of bringing—doing the investments that are required to get that building back up and running and open to the public.

We estimate the basic cost just in terms of fixing the basic elements of electrical systems, HVAC, and roof would be in excess of $60 million, and the overall project would probably be on the order of a couple hundred million dollars once they have included the other facilities. So, at this point, we are considering and consulting

with relevant committees here in Congress to be able to move forward and issue a request for qualifications to explore potential public-private partnerships that would allow us to reopen the building in ways that would be entirely compatible and consistent with the missions of the Smithsonian.

Ms. NORTON. Dr. Samper, I understand the importance of fund-raising. I myself do not belong to the school of thought in the Congress that finds private marketing to be inappropriate for a public institution. I was at odds with some of my—some of my colleagues on another committee, who complained when the Post Office, during the Olympics, marketed itself through the Olympics and did exactly what private corporations did.

My judgment, I didn't see how we could tell the Post Office, hey, you are on your own now. They get nothing from us. And, by the way, we have oversight of you and we are going to complain if you raise postage, and we know you have to compete with FedEx and the rest of them. You know, FedEx can go and use the Olympics for whatever. And I am sure they do all kinds of studies; otherwise, they wouldn't invest in it. They can do that, but you can't do that. I don't belong to that school.

I belong to the school that says public institutions should market and they should do so appropriately. And certainly the Post Office had better market or it is really going to go under, or we are not going to—or else the American people are going to have to buy more and more stamps, which will mean they go under because technology will take them over, or FedEx or UPS or one of the other——

You, the Smithsonian, recently renamed the National Museum of American History. I think it is the Behring Center. Am I pronouncing that right? The name is now displayed prominently on the exterior of the building even though that is not the actual name of the museum, and it has not been renamed by the Congress or anyone else.

Can you explain the process by which the Smithsonian reached agreement in return for the gift, a very handsome gift? I applaud the institution and particularly the decision to display the name on the interior of the building—exterior of the building, as it is now.

Mr. SAMPER. Madam Chair——

Ms. NORTON. Did the donor request that?

Mr. SAMPER. Madam Chair, the Smithsonian does pursue opportunities to secure this fund-raising; and it doesn't have, as a matter of fact, a policy of naming galleries or particular facilities or buildings after donors in recognition for——

Ms. NORTON. Is any other building named after the donor?

Mr. SAMPER. Not the entire facility. But certainly many of the exhibitions or galleries within the buildings, they are—oh, sorry, Madam Chair. There is one other case, yes. Sorry, Madam Chair. I stand corrected. Yes, if you look at, for example, the Freer Sackler Museum.

Ms. NORTON. Which one?

Mr. SAMPER. The Freer Sackler Museum or the Hirshhorn.

Ms. NORTON. They weren't named anything else to begin with, were they?

Mr. SAMPER. They were established with the bequests and the gifts from these donors. So there have been cases where we have done this.

Ms. NORTON. The National Museum of American History was established by the United States of America.

Mr. SAMPER. And the museum itself—the important distinction here, Madam Chair, is, we have not changed the name of the museum itself. We are looking at the facility—the National Museum of American History has several facilities, including storage facilities, in other locations, and that is——

Ms. NORTON. So you are saying you haven't changed the name of the storage facility? I don't understand why you would even throw that into the conversation.

Mr. SAMPER. What I am stating is that we are not renaming the museum. What we are doing is renaming the facility, the actual physical building where the facility is contained.

Ms. NORTON. I am lost. I am talking about the structure that we all see.

Mr. SAMPER. Yes.

Ms. NORTON. You are now confusing me because that is all I am talking about. And as I understand it, the name Behring Center is there now, and I don't know whether to send people to the Behring Center—in which case they will say, where in the world is that—or to the National Museum of American History.

Mr. SAMPER. Yes, Madam Chair. That is the National Museum of Natural History. The Smithsonian Institution did recognize the very generous contribution from Mr. Ken Behring by recognizing it and using it as a subtitle there, and it is called the Behring Center.

Ms. NORTON. Well, I am going to reserve judgment until I go down there and see it, since that is where I do my race walk. I will just take a look. I do not object. If the plaque is tasteful and doesn't overwhelm the name of the building, then I don't see anything wrong with that.

Mr. SAMPER. Thank you, Madam Chair.

Ms. NORTON. People don't give that much money for nothing.

Does the Smithsonian find that most people want something named after them when they give substantial amounts these days?

Mr. SAMPER. We do find many individuals, they do want the recognition of the naming; and that is something that we have done in a number of cases.

Ms. NORTON. Has that been approved by the Board?

Mr. SAMPER. Yes. Any naming of any space has to be approved by the Board of Regents.

Ms. NORTON. How many renaming agreements have been made by the Board in the last 10 years?

Mr. SAMPER. I don't have that information with me, Madam Chair, and if you were to include galleries and others, multiple namings.

Ms. NORTON. I would like you to provide the names. I am not objecting. I do so—I preface my remarks by indicating that I understand marketing and I understand what you have to do. Much has to do with taste.

Someone withdrew, as I recall.

Mr. SAMPER. There have been some cases where particular donations that were given to us were withdrawn, or in some cases——

Ms. NORTON. Wasn't there one—and here I am taxing my own memory—where the name of either a building or an exhibition was withdrawn when the donor's name was not prominently displayed or there was no agreement——

Mr. SAMPER. I believe the case that you are referring to was the gift that was done initially by Mrs. Catherine Reynolds for the National Museum of American History.

Ms. NORTON. Would you recount that for us?

Mr. SAMPER. The case was actually—there the question was not so much to do with the naming, but the process by which the content of the exhibition was going to be resolved and the selection some of the people——

Ms. NORTON. She wanted to have her hands in there?

Mr. SAMPER. We are extremely careful whenever we accept a gift to maintain independence in the editorial—in the content, and we don't let the donor intervene in terms of the selection of the content of the exhibition.

In that case, after internal discussions within the Smithsonian and others, we felt it was not appropriate to make any concessions in that regard and we felt it was better to return that gift.

Ms. NORTON. I understand that some officers or employees may serve on outside boards. I have no objection to that either, as long as they solicit funds while they are at it—a joke, but this is how people raise money. They are in touch with people who raise money.

Which brings me to my next question: What have been the fund-raising activities of your board, the Board of Regents?

Mr. SAMPER. The Board of Regents, Madam Chair, is not primarily established as a fund-raising board, although we are fortunate that some of the members themselves——

Ms. NORTON. Are the nine citizen members chosen with that—who chooses the nine citizen members?

Mr. SAMPER. They are nominated by the Regents themselves and they are confirmed by Congress.

Mr. SAMPER. In selecting nominees, to what extent do the Regents take into account the ability of citizen nominees, particularly given the proportion of the public nominees, to raise funds?

Mr. SAMPER. The Regents are appointed to trying to secure the right mix of skills. The ability to contribute or assist in fund-raising is——

Ms. NORTON. What are the skills? I mean, they don't run the institution.

Mr. SAMPER. No. But we want to make sure that we have the right kind of expertise to provide the oversight. So, for example, we have always tried to have one or two members that have academic credentials coming from running universities or research organizations. We have always tried to have a member, someone that has experience in running museums. We have some cases where people that have finance investment or audit experience. So it is a combination of the skills that we are looking at in all of the Regents' nominations.

Ms. NORTON. You are aware that that mix, your mix of regents, is unusual for institutions. If you had to raise your own funds, that mix wouldn't be very helpful to you.

Mr. SAMPER. Correct, Madam Chair. And as I mentioned, the main duty of the Regents is oversight responsibilities. The way we secure additional, contributions for fund-raising particularly, is that we have another board that we call the Smithsonian National Board, and this is a board that is appointed by the Regents themselves. It has about an additional 50 members, and the main function of that board is to assist with fund-raising; that is the expectation and contribution when people are appointed.

Ms. NORTON. So unlike most major museums and art galleries, it is a secondary board that has to raise the funds, while the people who have none of that responsibility, or a little bit, simply are the overseers of what they do?

I mean, if you want $100 million, perhaps Mr. Behring would have liked to have been on the Board itself.

Mr. SAMPER. I am sure there are some cases, and what we have done with cases like Mr. Behring——

Ms. NORTON. I am not sure whether he would have been otherwise qualified, and I am not implying his only qualification was the huge donation, but I am very grateful and that should have been enough.

Mr. SAMPER. Fair enough.

He was appointed to the Smithsonian National Board, which is exactly where the major contributions are done. We have found it is helpful to differentiate the direct oversight from the fund-raising activities, and I think historically when you look back at the last 20 years or 30 years it has served the institution well.

Ms. NORTON. Say that again. That they have an issue? I am sure they have.

Mr. SAMPER. Yes. They certainly have.

Ms. NORTON. And I applaud that they have, and I think you are able to have a secondary board whose job it is to raise funds only because it is the Smithsonian. I don't think that would work anyplace else.

The real question, I suppose, for the Smithsonian is whether you can ever expect it to raise the amount you are going to have to raise, particularly now that we are on PAYGO. This is an institution to which I pay some considerable attention. It would be very low on the totem pole. Most Members, not because they don't appreciate the Smithsonian, but because they appreciate health care more, you know, because they appreciate their obligations more.

So there is incredible pressure on all of our institutions to raise more money, and you brought in a first-class fund-raiser. Had it gotten the kind of oversight that boards or members give money, know-how to watch money, likely he could have been reined in, and he might still be there, given his prowess in raising money rather than virtually disgraced, although everything he did was apparently either explicitly or thereafter ratified by the Board of Regents who got off scot-free.

Perhaps unlike most members of the public, when I hear that there is a board, there is a certain kind of fiduciary responsibility

that goes along with it. I myself served on the boards of three Fortune 500 companies. I know well what those responsibilities are.

I would have thought, if anything—and I say this for the record; it needs to be said:

I don't think Mr. Small, by any means, deserved all of the criticism that came by, specifically, since you have testified. And the press reports are clear that the Board went back and ratified everything he was criticized for.

That is an outrage. If, in fact, that had happened to another kind of institution, people would have taken to the floor to—saying, then they ratified everything he did. That is why I don't think Congress can—there are some of us who don't believe that Congress—believe the Congress should abide by the same rules that they expect of everybody else. We have even enacted some legislation to that effect.

But it is clear that although there have been some Senate hearings, that essentially there is not a public airing of what happened so as to say to the Regents that that was inappropriate.

Now, as you know, I haven't called this hearing in order discover more of what happened. I think the press did the oversight for this Congress, virtually all of it, over a decade, if the truth be told, and I think that oversight has been done. And any further oversight on that issue should await the report that is forthcoming.

I simply, during this appropriation period, would like to see us get started on looking for alternatives, and that is my next question.

I find the amount raised $115 million; is that it?

Mr. SAMPER. That is only from gifts and contributions from individuals, and you would have to add grants and contracts on top of that, which is another $100 million, and the other trust funds that we have from endowments and requests. As I mentioned——

Ms. NORTON. Trust funds have to be put aside. The contracts, those are important because they are annual. I take it they take place annually?

Mr. SAMPER. Yes.

Ms. NORTON. And then there is $115 million from contributions.

Do you believe that—you heard Mr. Kaiser, who has one building, talk about how he has marketed the—or are there similar things that the Smithsonian has done to market or draw in others so that they will see the institution as something they wanted to be a part of and to give to?

Mr. SAMPER. We certainly have made efforts in that direction, and we have been fortunate to secure support, like Mr. Kaiser mentioned—for example, corporations and others that may sponsor particular exhibitions or events.

Ms. NORTON. Members of the Smithsonian, can't you?

Mr. SAMPER. Pardon me?

Ms. NORTON. Can't you become a member of the Smithsonian?

Mr. SAMPER. Yes, we do have a general membership program.

Ms. NORTON. How much is that cost?

Mr. SAMPER. It overall brings $15 million in contributions a year, for a general membership.

Ms. NORTON. What does a member of the public get for that?

Mr. SAMPER. Basically the subscription to our Smithsonian Magazine, and a discount in our stores and for some of the higher-end donors, we organize some special events during the year.

Ms. NORTON. How much of the Smithsonian has been taken outside of the District of Columbia?

Mr. SAMPER. Of that program? It is nationwide.

Ms. NORTON. No. Generally. I am sorry. I recognize that probably membership, you get the magazine. I am not sure the store—big access to the store wouldn't mean the same to you if you lived outside the region.

But in what other ways have you drawn in others around the country? I know you have fund-raisers who come from around the country. I know your citizen board members come from around the country.

Mr. SAMPER. We certainly do. We have tried to develop a number of ways to connect people across America to other people out there. For example, we have a program called Smithsonian Affiliations that is a way that we collaborate with museums around the country for loan collections where we will collaborate with them to do an annual conference with them. We just had that meeting about 2 or 3 weeks ago.

We have about 150 museums. These are independent entities that are affiliated with the Smithsonian where we collaborate on an ongoing basis. We have a number of educational activities and programs that we are doing across—just to mention one, for example, the National Science Resources Center, which is a joint program that we have with the National Academy of Sciences, is assigning educational materials that can go into classrooms; and at this point, it is being used in about 20 percent of schools around America.

So there are a number of ways we are trying to connect with the communities across America, and we are certainly looking for additional ways to expand it.

I should add, as well, that we are aggressively trying to put more of our content exhibitions and collections on the Web because we recognize that not everyone can come to Washington. So we have been doing this, and we have been fortunate to have an increasing number of Web visitors. Last year alone, we had about 150 million Web visitor sessions. These are people across America and other countries around the world accessing some of the Smithsonian content, and it is an area we are investing in aggressively.

Ms. NORTON. Has the Smithsonian ever engaged the services of first-class marketing and public affairs consultants?

Mr. SAMPER. Yes, we have some expertise in house, and for particular projects, we may go outside. And in particular cases where there——

Ms. NORTON. Yeah. I mean beyond—I am talking about major fund-raising consultants. I mean, beyond the exhibitions which I do regard, as you do, as a major opportunities for fund-raising.

Mr. SAMPER. We do on occasion hire particular consultants to help us develop fund-raising strategies or marketing materials.

Ms. NORTON. Have you ever had a capital campaign?

Mr. SAMPER. Not in the recent past.

Ms. NORTON. I recognize that the Federal Government is supposed to and has done some funding of your capital assets, but that is where you have been driven into the ground almost because getting money for bricks and mortar, especially for a museum, is particularly difficult.

Mr. SAMPER. We have done campaigns targeted to particular projects, Madam Chair. So, for example, I mentioned the National Museum of the American Indian, which is where we went out and tried to secure the resources and secured a couple hundred million dollars for activities from across the country, and that was extremely successful as a way of doing it. These are tied into particular areas.

Ms. NORTON. What is the endowment?

Mr. SAMPER. It is close to $900 million.

Ms. NORTON. Have you ever considered an endowment, a fund-raising endowment campaign?

Mr. SAMPER. Absolutely. And that is one of the options that we are always looking at and trying to——

Ms. NORTON. How long do you have to look at it? When the Congress continues to underfund one of its preeminent treasures, how long do you have to look to recognize that one has to ratchet up fund-raising with entirely fresh eyes and an entirely new vision?

I find $900 million for the Smithsonian to be small, frankly.

Mr. SAMPER. I agree with you completely. It is a very small endowment, given the size of our budgets. We are looking for ways to expand that, including the possibility of doing a national campaign. We are currently exploring eight or nine options to secure additional funding for the Smithsonian.

Ms. NORTON. Far be it from me to pretend to be a marketing—have any marketing expertise, I assure you I do not. That is nowhere to become clear.

But this much I do know: 20 million visitors come here every year, and if they thought the Smithsonian—many of them are school children, many of them are families—if they thought that the Smithsonian wasn't going to be there in the form that they understood it—it seems to me that people would understand that you don't keep an American institution like this going just by saying to the appropriators, keep ponying up.

And particularly if we are also to continue to not charge admission, which brings me to the butterflies exhibit.

You and I have discussed this in our office, perhaps I should let you lay out for the record the reason that you decided that this had to be done, and how it will be done if you get to do it.

Mr. SAMPER. Thank you, Madam Chair.

As you know, the National Museum of Natural History introduced what has been a very successful insect zoo back in 1971, many years ago, and over the years we have been looking at ways to expand it. It has been one of the most popular attractions that we have had over the years.

Ms. NORTON. What percentage, if any, of Federal funds went into building the butterfly zoo?

Mr. SAMPER. The current project? The expansion of the butterflies?

Ms. NORTON. As opposed to what project?

Mr. SAMPER. I wasn't sure if you were referring to the original insect zoo that we built.

Ms. NORTON. Is this on the same premises?

Mr. SAMPER. This is adjacent to those premises.

What we have decided is to double——

Ms. NORTON. So the premises—the original premises were built by the Federal Government?

Mr. SAMPER. Absolutely. They are in the National Museum of Natural History.

Ms. NORTON. And the adjacent premises, what percentage if any were built by——

Mr. SAMPER. This is within the main building of the National Museum of Natural History at our location which we call Hall 30, which is the hall on the second floor adjacent to the current insect zoo. And our intention, our plan there is to expand and build an exhibition that would allow us to have live butterflies, to be able to tell the story about the core evolution between plants and insects.

This is building not only on our experience, but the very successful experiences we have seen in several butterfly houses and facilities across the United States in a number of locations.

Ms. NORTON. Is this permanent, this exhibition?

Mr. SAMPER. Certainly ongoing year-round for several years. We don't use the word ″permanent″ because we don't know how it will go, but certainly for the foreseeable future it would be.

The challenge that we face, Madam Chair, is that the operating cost, the annual operating cost of a butterfly facility is very large. This is tied to the very short life cycles of the butterflies, which in many species are just a few days. And the way the butterfly facilities are run is that these are raised in a variety of countries around the world. They are imported into the United States weekly. They have to be raised there by expertise—by caretakers that know about this; they have to fulfill all of the requirements imposed by USDA. And we also have to raise all of the plants that are growing in there so they are completely free of chemicals.

The net impact of all of this is, the annual operating cost of the facility is $900,000 a year, which is clearly a very expensive operation and proposition. We were struggling in looking at this. On the one hand, the position of how wonderful it would be to offer this opportunity to our visitors, and on the other hand, our basic budgets were not enough to be able to support this kind of operation as an additional expense.

At that point, our decision was to look at this and to design it, at both the facility and the program, in a way that would allow us to bring this experience to our visitors but to ask them to contribute to the operating costs, taking care to make sure that the facility would also be available on a weekly basis, 1 day a week free of charge, particularly for school groups, because we recognize that it is really important to have this. And we are also going to continue looking for potential sponsors that would allow us to bring in additional days free of charge to people.

Our general commitment, and my own view, Madam Chair, just for the record is, I do agree with you, that the admission to the

Smithsonian—having free admission is important, and it is part of what the Smithsonian stands for.

Ms. NORTON. It is so important that—well, let me ask you this question. Did you bring, before you announced—first of all, what is the fee that you propose?

Mr. SAMPER. We are proposing an entrance fee of $5. This would be to cover the operating cost. We are estimating an attendance of about 200,000 people a year.

Ms. NORTON. So that would cover the operating cost?

Mr. SAMPER. Yes, it would, ma'am.

Ms. NORTON. I asked you before about endowment. Did you consider seeking an endowment to allow this facility to remain free to the public as has been the case for over 100 years?

Mr. SAMPER. Absolutely. And it is still one of the options that we are pursuing. That would require an endowment of about $20 million just to offset the operating costs.

Ms. NORTON. Over time, yes.

Mr. SAMPER. Well, $20 million at a 5 percent payout rate would give you about $1 million. So if we were to find a donor that would provide us with $20 million endowment, we would certainly welcome that contribution and be able to——

Ms. NORTON. Did you seek $1 million that somebody might have been willing to provide you?

Mr. SAMPER. What we did seek, Madam Chair, is the cost of building this facility in Hall 30. The total cost is $3 million, and that is being brought in by private contributions. We have already secured about $2 million, just over $2 million for that. We are working to secure the additional money.

But there are two important costs here. One is the cost of building the facility, which is what we usually find people are willing to contribute to. And the other is the ongoing operational cost, and that is the cost that, in our experience, is extremely difficult to maintain or to cover on a sustained basis from contributions.

Ms. NORTON. I am not at all unsympathetic with what you have done, and so pleased that you have come forward with this really unusual way to not only fascinate the public and children, but to help them learn something by seeing what butterflies do.

Did you approach the appropriators before you decided that we should charge a fee?

Mr. SAMPER. It is something that we mentioned to some of the key staff in the committees as part of our conversations, and it was something that was brought to the Board of Regents before we decided to go ahead with this.

Ms. NORTON. Well, Congress is not—the reason I raise Congress as the ultimate authority here is, very frankly, I cannot think of any way to say to the next institution within the Smithsonian or, for that matter, the next national treasure funded by the United States that they must hold to the free admission charge for 20 million visitors.

This is not for my folks. We have been there, done that, over the years. I am a native Washingtonian, third generation, people here since 1850. You can't find anything that I haven't gone to.

This affects mostly the constituents of my colleagues. Half the people who come here every year are school children, many school

groups. There are many schools who believe you are not well educated if the junior high school class or high school class hasn't made a visit to Washington. I am not pretending that $5 is a lot of money for most of us. But I know that many classes, once they raise the money to get here, will find $5 prohibitive.

But the difficulty I have with it is simply the precedent. I just don't know how to say this to an institution that comes with a one-of-a-kind exhibition that you are not—you are not the Smithsonian, or you are not the Museum of Natural History, so therefore you can't do it. Either there is a policy or not a policy.

And it does seem to me that the appropriators would not jump out in front on this because they are not about to come up with $1 million, and they are the ones that hold the purse. But that doesn't speak for the rest of us. And I do not believe that if Members of Congress believe that we are now opening the floodgates—and that is what it would be, that is exactly what it will be.

We have underfunded every single institution, hugely so; and it is not going to get better, which is why you see me pressing you on private funding, because I believe—I have been saying to Mr. Small, why are you out there raising all that money?

If there had been oversight, he would have been doing exactly the right thing. But I do not believe that the alternative is to go down the road to fees for service. I just don't see how one can square that with what all the other institutions are doing. And I can guarantee you that any of your colleagues worth their salt are looking to see whether you get away with it so that they can plan to do the same thing. That is the issue I have with it.

As I said to you in my office when you were kind enough to come see me after you were appointed, I would like to work with you, literally to work with you, in the region. I even tried out some ideas. I think all these people, gardening and nature and global warming, and all these stores that sell things that you set up in your backyard, things to keep it, I just can't believe there isn't $1 million out there.

Then we will think of ways to get more millions, rather than to say, Listen up, everybody, the Smithsonian that you knew, which meant that whether you were rich or poor, young or old, you didn't have a dime to go into the Kennedy Center for one of those shows, there are a few places you could come. The capital of the United States is not going to charge you admission. They will take away your book bag, but you can come in there free.

You can come into the monument free, you can come into any part of the Smithsonian; and it has been that way for more than 100 years, and the Congress hasn't broken that promise. And I can tell you this, Dr. Samper. Carry back; let 'em break it, and it will be the last time they break it.

I am not here threatening you. I am here saying, I want to work with you to do it. I want to work with you to find the first million dollars in this region.

This is one of America's upscale regions, full of all kinds of technology, full of McMansions, all of them live in and around here. Many of them live in the District of Columbia, full of lobbyists. The notion that there isn't somebody out there to do a good deed, not for you, but for school children who will be told, sorry, unless your

group happens to be here on a certain day of the week, you can't get in to see the one thing, the one thing you would have heard about about the Smithsonian.

If you are a school child, the rest of the world may not know about these butterflies, but the word is going to travel about these butterflies throughout the United States and the world. That is just how exciting this is.

Well, we didn't do the right thing; we didn't fund it. But I don't think Congress should let you do the wrong thing and open the floodgates so that every institution will say, what is the difference between us and the Smithsonian?

So I am putting you on notice to say that I will do everything I can to see it doesn't happen. Go out and raise some more money after you raise this money. I want you to come, you and your development people to come see me within the next couple of weeks, and let's have discussions about—let them do some homework, and I am going to have my staff do some homework about how we can fund the first year, and then perhaps go at funding the butterflies thereafter.

Mr. SAMPER. Thank you, Madam Chair. I appreciate your offer, and we will definitely take you up on that. And I trust that we will be able to do that. We are trying to fund-raise, and certainly if we are fortunate enough to have someone that is willing to give us that first million dollars but also to secure this for the future, to secure that $20 million endowment, we certainly look forward to it.

And I think you mentioned it as well. If this is such a wonderful experience that we feel we should bring to the American people and to all the people here because it will be a good learning experience. We are sorry it has come to that, but as you know and you have recognized, clearly it recognizes how stretched our base budget and operating costs are.

Ms. NORTON. I can't blame you. I know where the blame lies. You are sitting here with it today. I only have two more questions.

One comes from the chairman of the committee. In January of this year the Smithsonian Inspector General, A. Sprightley Ryan, submitted a report to the audit and review committee and the Smithsonian Board of Regents detailing then-Secretary Small's expenses between 2000 and 2005 that are unsupported or inadequately supported by documentation. Those, of course, are the expenses that you obsess about that had been ratified by the Board of Regents after the fact.

At a Senate hearing in April, these unapproved expenses were stated to total $90,000. What actions have been taken since that time to recover documentation for these expenses?

Mr. SAMPER. Madam Chair, in any case where the Inspector General takes action, such as Mr. Small or any other employee of the institution, as a matter of fact, we try and secure the documentation, making sure that everything is there. If we find that an expense in the end was not authorized and didn't go through the right procedures, we will then take appropriate measures to try and recover some of that funding or, if necessary, issue appropriate tax——

Ms. NORTON. So attempting to recover major funding and some of the documentation?

Mr. SAMPER. For some of these, anything that was not supported, absolutely.

Ms. NORTON. I thought that they were ratified after the fact.

Mr. SAMPER. There were certain questions that were raised in terms of particular types of expenses, and whether those types of expenses may be covered under the original terms. And that was what was the action in terms of the Regents.

Ms. NORTON. That is what you spoke about in terms of the intent. You need to—was counsel supported when this was done?

Mr. SAMPER. Pardon me?

Ms. NORTON. Was counsel consulted when the clarification was issued? All right, we will cover these expenses. Was counsel consulted when that was done?

Mr. SAMPER. I believe they were, Madam Chair.

Ms. NORTON. I would like you to provide the papers from counsel and others that indicated the clarification that this $90,000 that the Inspector General found were unapproved expenses. I would like to see whatever that paper from counsel and from the Board of Regents indicated, that that was because the guidelines seemed to be straightforward.

The intent of the guidelines wasn't clear; as read, most have thought that there was a violation of the guidelines, and I believe that the Inspector General thought there was a violation of the guidelines. So if, after the fact, you say, you know, what we really meant was this, then we would like to see the documentation from the Board and from counsel to that effect.

Mr. SAMPER. I will be glad to look for that and provide it to you, Madam Chair.

Ms. NORTON. Thank you.

One final question. We are having nice little discussion, phone calls from constituents, Members about the highly regarded Jazz Cafe—it is an entrepreneurial work, and one that is in magnificent keeping with your mission—a performance every Friday night at the National Museum of Natural History. Have these performances been discontinued? Will they be discontinued at the end of June? Could you give us a status report on the Jazz Cafe?

Mr. SAMPER. Yes, Madam Chair. As a regular customer of the Jazz Cafe myself and someone that appreciates this, I certainly recognize the value that this has done in terms of reaching out to the constituencies in Washington. The answer is, we have at this point secured enough funding to keep the program open through the end of the fiscal year. So it will not be closing in June.

Ms. NORTON. Terrific. So will it close the end of September?

Mr. SAMPER. We are currently pursuing additional options for sponsorship. Again, like we are discussing——

Ms. NORTON. So there was no sponsor. How much was the public charged?

Mr. SAMPER. —per year the sponsorship, but we are looking for at this point, Madam Chair, $100,000.

Ms. NORTON. To go to the end of the year?

Mr. SAMPER. No. No. It is actually quite a manageable figure. We have had some sponsors in the past. We have been fortunate. We are currently looking for additional sponsors.

So again, this is another area where we would be very happy to work with you. But the program at a cost of bringing this performance, which certainly I agree fits in with the mission, requires that, and we are clearly working on trying to secure that sponsor, so at this point we can keep it through the end of the fiscal year.

And if we can secure the sponsorship, we look forward to having the Jazz Cafe continue.

Ms. NORTON. If I may say so, for how much, what is the public charged?

Mr. SAMPER. There is a cover charge and if I am not mistaken, it is $10 per person.

Ms. NORTON. And then what do you get when you get in there? Are there any refreshments of any kind, sir?

Mr. SAMPER. There are refreshments that are available at a charge; and Restaurant Associates that provides the catering services there, provides meals for a cost.

Ms. NORTON. Meals? Is wine available?

Mr. SAMPER. There is a buffet service where people can go in and purchase the food. So they can be able to eat.

Ms. NORTON. Is wine available?

Mr. SAMPER. Oh, in the—yes, there is.

Ms. NORTON. Okay. It occurs to me that there should be a perfect synergy, talking about a jazz cafe out of all places, the Museum of—was it Natural History?

Mr. SAMPER. Natural History, yes, ma'am.

Ms. NORTON. Part of the Smithsonian, and the music industry. Has the music industry or any part of it been—not to mention all the people who make iPods and the contracts—and don't let me go on on that.

Were any of them sponsors?

Mr. SAMPER. Not to date. We have been fortunate to have sponsorship from some of the media companies. Some hotels in the region have provided some sponsorship, but I don't believe that the music industry has provided support to date.

Ms. NORTON. Is there a development officer for that, for the Jazz Cafe?

Mr. SAMPER. Not for the Jazz Cafe. There is a jazz development officer for the Museum of Natural History, and this is one of the activities that they currently include in their portfolio.

Ms. NORTON. Well, again, you know, speaking as an amateur on this, if there is food served in there, if there is wine served in there, if there is music served in there, the music industry is having some difficulties.

Now, if anything, that should make them want to program what they do by getting into a Federal facility with sponsorship. Again, I suppose that you gathered from a lot of my questions I am questioning the development activities of the Smithsonian and believe that if our underfunding is clear, the Smithsonian needs to take another look at its own development activities and ask if it is 21st century, can it compete in the market where it exists?

Mr. SAMPER. Madam Chair, we certainly—clearly, we recognize that we see the Smithsonian as this partnership. We are trying to secure additional resources, and as I mentioned before, we have come a long ways in the last 10 years, as you mentioned, securing

$1 billion which has been the teamwork of many museum directors. Secretary Small and others have been important.

But I agree with you that we are always looking for ways to strengthen that as we move forward.

Ms. NORTON. May I remind you that when we have asked for documentation or documents that they are to be to the committee within 30 days.

May I ask the Ranking Member if you have any questions beyond mine?

I want to thank you very much, Dr. Samper. It is very important testimony. You will note that I see opportunities for the Smithsonian to do better. I think there are a lot of opportunities for the Congress to do better, too, but funding—and you need oversight.

Again, it is very easy to say now that the press did the oversight, that Mr. Small was not what he should be. What I want to say right here, there was no oversight, no oversight to speak of. The backdated oversight, I should say to you, is troublesome, and it does not relieve the Board of Regents of the fiduciary responsibility. And some of them are lawyers, and I think would agree that on any private institution, that would have been seen—that would have been seen as a violation of fiduciary responsibility not only for the Secretary but for those whose job it was to make sure that the Secretary did as the guidelines specifically set out.

I just needed to get that on the record.

What is most important about this hearing for me is the contrast between your organizations, why that contrast exists, one's performing arts institution, half of their private funds come from people who come to see what they are doing. Much harder for an institution where you have to often get people to understand what you are doing in order to get them in the door.

The real question becomes, how do you get them, how do you lure them, whether or not better, more sophisticated development could be done, whether or not the treasures that are in this complex of institutions are well understood, how to make them better understood. I regard that as a wonderful challenge. We just crossed over into the 21st century, so there is plenty of time.

I thank you for your testimony. I look forward to working with you specifically on funding not only from the Congress, but on your fund-raising in the private sector.

Mr. SAMPER. Thank you, Madam Chair. We appreciate your attention and this opportunity to testify before you, and we look forward to working with this, which as you said is a partnership.

We appreciate the support that we get from Congress and from the administration. We will do our share with private fund-raising. And as I told you when we met privately, we are also trying to learn from our own mistakes, in some cases, and are trying to strengthen our governance. So I have no doubt we will have a stronger Smithsonian.

Ms. NORTON. Thank you for your testimony. The hearing is adjourned.

[Whereupon, at 1:45 p.m., the subcommittee was adjourned.]

The Honorable Sam Graves, Ranking Member
Subcommittee on Economic Development, Public Buildings and Emergency Management

Hearing on Public and Private Responsibility for Maintaining Our National Treasures: The Smithsonian Institution and the John F. Kennedy Center

June 15, 2007

THANK YOU, MADAM CHAIR FOR HOLDING TODAY'S HEARING ON THE SMITHSONIAN INSTITUTION AND THE JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS.

LET ME ALSO THANK OUR WITNESSES, MR. CRISTIAN SAMPER FROM THE SMITHSONIAN INSTITUTION AND MR. MICHAEL KAISER FROM THE KENNEDY CENTER, FOR BEING HERE TODAY. WE INVITED YOU HERE TO TALK ABOUT HOW YOUR INSTITUTIONS USE PUBLIC AND PRIVATE FUNDS FOR CAPITAL ASSET ACQUISITION AND MAINTENANCE.

BOTH THE KENNEDY CENTER AND THE SMITHSONIAN HAVE MILLIONS OF VISITORS EVERY YEAR. IN FACT, THE SMITHSONIAN IS ONE OF THE BIGGEST DRAWS FOR TOURISM IN THE NATION'S CAPITAL. SCHOOL CHILDREN FROM ACROSS THE COUNTRY COME HERE TO VISIT IT.

THE POPULARITY OF THESE INSTITUTIONS HAS CONTRIBUTED TO THE WEAR AND TEAR ON THE FACILITIES. AND, UNFORTUNATELY, THE SMITHSONIAN IS FALLING APART IN A LOT OF PLACES.

THE GOVERNMENT ACCOUNTABILITY OFFICE HAS ROUTINELY PLACED THE SMITHSONIAN'S DETERIORATING FACILITIES ON ITS HIGH RISK LIST. THE ARTS AND INDUSTRIES BUILDING IS A CLEAR EXAMPLE OF THE DISREPAIR OF SOME OF THESE BUILDINGS. REGULAR AND ROUTINE MAINTENANCE COULD HAVE PREVENTED THE DETERIORATION OF THE ARTS AND INDUSTRIES BUILDING.

NOW WE HAVE A HISTORICAL STRUCTURE ON THE NATIONAL MALL THAT THE PUBLIC CAN'T GO INTO BECAUSE WE ARE AFRAID THE ROOF WILL COLLAPSE. FIXING THE STRUCTURE IS GOING TO COST AT LEAST TWICE AS MUCH AS IT WOULD HAVE COST TO MAINTAIN THE BUILDING.

THIS IS PRIME REAL ESTATE THAT IS WASTED. THE SMITHSONIAN COULDN'T FIND ENOUGH MONEY TO KEEP A PRICELESS TREASURE ON THE NATIONAL MALL OPEN, BUT THE SMITHSONIAN CAN FIND $2 MILLION OVER SIX YEARS TO PAY FOR HOUSING AND OFFICE EXPENSES FOR THE FORMER SECRETARY.

IT IS NOT ALL BAD, THOUGH. THE SMITHSONIAN'S STEVEN F. UDVAR-HAZY CENTER IS A GOOD EXAMPLE. THE PROJECT WAS BUILT WITH PRIVATE FUNDS AND CONSTRUCTION WAS ON BUDGET. THE PORTRAIT GALLERY IS ANOTHER EXAMPLE. WHERE THERE WERE GAPS IN PUBLIC FINANCING, THE PROJECT WAS SCALED BACK OR THE GAPS WERE FILLED WITH PRIVATE FUNDS.

THE KENNEDY CENTER HAS ALSO HAD ITS FAIR SHARE OF PROBLEMS WITH ITS FACILITIES. THE KENNEDY CENTER'S GARAGE PROJECTS FACED COST OVERRUNS AND DELAYS IN CONSTRUCTION. FORTUNATELY, THIS WAS NOT A FEDERALLY FUNDED PROJECT.

I LOOK FORWARD TO HEARING FROM OUR WITNESS ABOUT THE PROCESSES IN PLACE TO USE PUBLIC AND PRIVATE FUNDS FOR CAPITAL ASSET ACQUISITION AND MAINTENANCE AND TO ENSURE FISCAL RESPONSIBILITY.

THANK YOU AGAIN MADAM CHAIR FOR HOLDING THIS HEARING.

Extra

Statement of Michael M. Kaiser
President, The John F. Kennedy Center for the Performing Arts
Before the House Committee on Transportation and Infrastructure's Subcommittee on Economic Development, Public Buildings and Emergency Management
June 15, 2007

Good morning, my name is Michael Kaiser and I have the honor of serving as the President of the John F. Kennedy Center for the Performing Arts. I have served in this capacity for the last six and a half years and it is my pleasure to appear before your panel today.

The Kennedy Center is both our national cultural center and a living memorial to President John F. Kennedy. I emphasize the word "living" since there is a vitality to the memorial and the institution that far exceeds anything that could have been envisioned when the Center was chartered by Congress in 1958 under President Dwight D. Eisenhower as the national cultural center.

The Kennedy Center is unique in that it serves the dual purpose of being the national cultural center *and* the Presidential memorial to John F. Kennedy. For the benefit of the members of this subcommittee, I will give a brief description of what the Center does and how it does it.

Each year, the Kennedy Center reaches over one million people with more than 2,000 performances in all performing arts disciplines. Every season, our focus is on developing programming that achieves national and international acclaim as is befitting our role as the national cultural center. But our performing arts activities are not limited to the Washington D.C. area. We are committed to touring productions to all 50 states to make them available to all Americans.

The National Symphony Orchestra, a vital part of the Kennedy Center for 20 years, is fulfilling this mandate by expanding its national touring activities. The Kennedy Center Theater for Young Audiences on Tour program brings the best of family and children's theater to 107 cities in 31 states and serves over a quarter million people.

The Center is committed to making arts accessible to everyone and presents free performances every day of the year on its Millennium Stage. These performances are available free to every American via live Internet broadcasts.

The Kennedy Center is also committed to arts education and has created one of the most extensive arts education programs in the world spending $125 million over five years on this effort and serving 11 million people nationwide. We now train 25,000 teachers annually to bring the arts into the classroom at all levels. Our distance learning initiative, which touches more than one million teachers and students, enables classrooms to experience world-class performances and to engage in discussions with artists at the

Kennedy Center. Our Partners in Education Program mentors relationships between arts organizations and their community school systems with 105 organization teams in school systems in 46 states, including the District of Columbia.

The Kennedy Center also provides training to talented young Americans who aspire to careers in dance, music, conducting and set design. Our American College Theater Festival identifies the next generation of actors, designers and playwrights with 20,000 students from 900 colleges participating. The Kennedy Center has instituted two programs which we hope will change the landscape of the arts in America: The Institute for Arts Management, which prepares arts managers for jobs running major institutions throughout the world, and the Capacity Building Program for Culturally Specific Arts Organizations, which trains managers of African-American, Latino, Asian-American and Native American arts organizations. We have also instituted international arts management programs in Mexico, China, Pakistan and the 22 Arab nations.

All of this programming is supported by a mix of government, private and earned income. As a presidential memorial, the Center receives an annual federal appropriation of approximately $35 million. I should point out that the direct federal funding provided to the Kennedy Center is used only for the operation, maintenance, and capital repair of the presidential monument. The Kennedy Center building consists of 1.5 million square feet of usable floor space, on 17 acres of land. The building contains nine theaters, two public restaurant facilities, nine special event rooms, five public galleries, halls, and foyers, and approximately 50,000 square feet of administrative offices. Over the next 24 months we will conclude a 10-year renovation project that has included major renovations of our Concert Hall, Opera House, Eisenhower Theater, and Grand Foyer and has included a major redesign of our grounds and installation of updated security and life safety systems. These projects have all been funded by Congressional appropriations. However, our originating statute prohibits the use of these federal funds for any programming expenses.

The extensive programming and education activities that the Center presents and provides are supported through private contributions of almost $50 million annually, not counting other government grants or endowment earnings, which total an additional $20 million each year. In addition, the Center earns approximately $65 million each year from ticket sales, parking fees, food service, space rental and our gift shops.

In sum, government funding represents one quarter of our total annual operating budget. We are deeply grateful for this support.

My experience at the Kennedy Center mirrors my experiences at the other arts organizations I have managed both in the United States and abroad. At the Alvin Ailey American Dance Theater, American Ballet Theatre and the Royal Opera House, a substantial portion of the budget was covered by private contributions. The majority of this funding came from individual donors, with substantial additional support from corporations and foundations. In every case, strong artistic and educational programming was the key to private fund-raising; an aggressive marketing campaign and a strong

Board of Directors were also prerequisites. Fortunately, I am blessed with each of these assets at the Kennedy Center.

I thank the subcommittee for its continued support of the Kennedy Center and I am pleased to answer any questions that members of the subcommittee may have. Thank you very much.

House Subcommittee on
Economic Development, Public Buildings, and Emergency Management.
Testimony
Smithsonian Institution Acting Secretary
Cristián Samper
15 June 2007

Thank you for this opportunity to testify before the House Subcommittee on Economic Development, Public Buildings, and Emergency Management. I very much appreciate it, particularly at this important time in the history of the Smithsonian Institution.

I consider it an honor and a privilege to serve as Acting Secretary of this great Institution. The Smithsonian is a public trust, it belongs to every American, it is an Institution that we have good reason to be proud of. I have always been impressed as I travel across America and around the world to see the recognition and respect for the Smithsonian, our mission, values and programs.

I was appointed Acting Secretary more than two months ago and in that time, I have held more than 20 town hall meetings in all our museums and facilities, met with the Regents and advisory boards of our museums, as well as with members of Congress and supporters. I am grateful to our experienced and dedicated staff, volunteers and donors who deeply care about the Smithsonian and what it stands for. I am pleased to report that morale is definitely improving, and all are united in their commitment to continue the great work of the Institution.

The Smithsonian is fortunate to have a talented workforce of more than 6,000 employees, roughly two-thirds of whom are federal employees, while the rest are paid from trust funds. We are also greatly aided by more than 5,000 dedicated volunteers. Our workforce includes scientists, historians, artists, educators, curators, custodians, security officers, and many more. All do a great job caring for our world-class collections, expanding our premier research, and presenting the story of what it means to be an American.

The Smithsonian was established in 1846, thanks to a generous bequest from British scientist James Smithson, with the mission: "the increase and diffusion of knowledge." Over the decades, the Smithsonian has become the world's largest museum and research complex, providing inspiring experiences for millions of visitors. Historian David McCullough recently described the Smithsonian as a "storehouse of ideas." It is indeed that and much more. With 19 museums, nine research centers and the National Zoo, the Smithsonian stands out as a unique entity, a leader in science, history, art, and culture. As an international institution it offers the world a picture of America and America a picture of the world.

It was James Smithson's bequest that launched the Smithsonian, but the debate and counsel of the Congress helped to shape it from day one—and does so to this day. Without the generous support of the Administration and the Congress, the Smithsonian

simply would not be able to function. We appreciate the support and look forward to working with members to make the Smithsonian even stronger in the future.

The Smithsonian in its structure is a unique entity, an independent trust "establishment" of the United States, created by Congress as a legislative response to the acceptance of the James Smithson bequest. It was a gift scrutinized from every angle. After roughly 10 years of debate in Congress about how to handle the unprecedented bequest, legislation to establish the Smithsonian was enacted on August 10, 1846.

Former President John Quincy Adams, subsequently a Congressman from Massachusetts, was appointed chairman of the Select Committee formed by the House of Representatives to consider the unusual Smithson bequest. In his will of 1826 Smithson bequeathed "...the whole of my property...to the United States of America, to found at Washington, under the name of the Smithsonian Institution, an Establishment for the increase and diffusion of knowledge among men."

Adams felt strongly that Congress alone, and not the Executive, was competent to act regarding the acceptance of Smithson's bequest. Adams was also keenly aware of the unique responsibilities and legal obligations of accepting the bequest. As the committee he chaired wrote in its report, "In the commission of every trust, there is an implied tribute of the soul to the integrity and intelligence of the trustees; and there is also an implied call for the faithful exercise of those properties to the fulfillment of the purpose of the trust." It was this commitment to the "tribute of the soul" and the "call for the faithful exercise of these properties" that motivated Congress to establish the Smithsonian as a trust of the United States, though independent from the formal branches of government. To do so, Congress took an interesting, deliberate, and intentional path.

Congress determined that it had authority to receive the trust for a charitable purpose in the District of Columbia. It was a reference to Congress's special authority under Article I of the Constitution, to exercise exclusive legislation and jurisdiction over the District. Congress certainly would not have invoked this particular power if it had intended to establish the Smithsonian within a department of the executive branch.

Congress' intent to establish the Smithsonian outside the executive branch is also clear from the governing structure it created for the Institution. Congress directed that the Smithsonian's Board of Regents be composed of the Vice-President, the Chief Justice of the United States, three members of the Senate, three members of the House, and nine (originally six) private citizens of the states and the District of Columbia.

Congress placed representatives from all three branches of government on the Board of Regents to signal to the country, and indeed the world, the importance of this new Institution, and that the entirety of the government was responsible for the execution of the trust's purposes. It would be guided by experienced, accomplished, men and women of stature. Over the decades, the prestige and wisdom of the Board have been vital to the success of the Smithsonian.

Congress decided to establish an institution, as an 1855 House Committee Report states, "separate in all its relations from any and every other" and "to give it a distinct and substantive existence, and insure independence and efficiency of operations."

The long and illustrious history of the Smithsonian is a product of this early Congressional wisdom. Perhaps this Congressional wisdom was best summed up by a member of the judicial branch of government when Justice Holmes wrote in 1928, "Congress long ago established the Smithsonian Institution, to question which would be to lay hands on the Ark of the Covenant…I think it would be lamentable even to hint a doubt as to the legitimacy of the action of Congress in establishing the Smithsonian as it did."

This certainly doesn't mean that the governance and operations of the Smithsonian are above scrutiny. We have undertaken a series of internal and external reviews looking for ways to improve. How we govern this great Institution is vitally important and I am confident that we will work together to make it even stronger.

As you know, the Smithsonian Board of Regents, to address the pending issues directly, chose a three-person Independent Review Committee to review aspects related to compensation and expenses, as well as the Regents' response and actions. The committee is composed of three distinguished citizens who are not members of the Board of Regents and is chaired by Charles A. Bowsher, a former Comptroller General of the United States. The committee's recommendations will be available on June 20, and we look forward to reviewing and implementing their recommendations.

The Board of Regents has also created a new, permanent Committee on Governance. The committee is comparing the governance of the Smithsonian with best practices of comparable organizations and responding to governance-related issues. Regent Patricia Stonesifer, head of the Bill and Melinda Gates Foundation, chairs this new standing committee. It also includes a distinguished individual who is not a Regent, Diana Aviv, president and CEO of Independent Sector. The committee is focusing on three priority areas: 1) Effective Board and Committee Structure; 2) Effective Monitoring, Oversight and Information Flow; and 3) Effective Transparency. Their report will make a series of recommendations that will be considered by the Regents this month.

As you know, last month, the Smithsonian's Board of Regents formed an *ad hoc* committee to conduct the search for the 12th Secretary of the Smithsonian. The committee is chaired by Regent Alan Spoon and has eight members, and two advisory members: Rick West, founding director of the National Museum of the American Indian, and Irwin Shapiro, senior scientist and former director of the Harvard-Smithsonian Center for Astrophysics.

It is my hope that we can work with the Congress to address the compensation, spending, and governance questions that have been raised, improve accountability, and continue to expand the valuable service the Smithsonian provides the public.

Unfortunately, one of the biggest obstacles we face in continuing this work is our facilities maintenance problem, which directly affects our mission, "the increase and diffusion of knowledge." This issue concerns not only the buildings themselves, some of which are priceless artifacts in their own right, but more importantly the buildings enable us to educate the public, exhibit national collections, and create the experience of a lifetime for our visitors.

The Smithsonian's facilities represent an investment made by the American people. The Smithsonian is the custodian of the largest museum collection in the world, with more than 136 million objects and specimens, documenting our history and heritage, the natural and cultural diversity of this planet: meteorites, moon rocks, the Hope Diamond, the hat Lincoln wore the night he was assassinated, the Star-Spangled Banner, Gilbert Stuart's Lansdowne portrait of George Washington, the Wright Flyer, plus more than 2,800 animals at the National Zoo. More than 23 million visitors from around the world came to see these treasures last year.

Researchers from the Smithsonian and from around the world use these collections to pose new questions and advance our knowledge. Through our exhibitions at our many museums and programs, the collections and research galvanize our education efforts. Those efforts are expanded across America through traveling exhibitions, affiliate museums, curriculum guides, Web outreach, and much more. Without the proper facilities in safe operating order, none of this is possible.

Today the Smithsonian owns or leases more than 700 buildings and other structures in the District of Columbia, seven states, Panama, Belize, and Chile, about 10.2 million square feet of owned space and 1.7 million square feet of leased space with an estimated replacement value of more than $5.1 billion. Some of these buildings are new, some are 150 years old, many are decades old, more than half are more than 25 years old. Five buildings are National Historic Landmarks, and many are listed on the National Register of Historic Places or are eligible for special consideration under federal guidelines for historic buildings, making the latter more difficult to maintain. The Smithsonian is unique in both the architectural variety and functional diversity of its buildings. We house everything from spiders to elephants, moon rocks to rocket ships, even the proverbial kitchen sink, given to us by Julia Child. It's an expensive, challenging task to care for such collections and keep our workers and visitors safe—especially in a post 9-11 world where security is of paramount concern.

Both the National Academy of Public Administration and the Government Accountability Office have looked into this matter and underscored its seriousness with the GAO saying current funding levels are insufficient to provide the $2.5 billion we know is required to fix and maintain the Institution's facilities over the course of the coming years. Over a ten-year period, this would require $100 million more per year than we currently receive. With more than half its buildings—and their electrical and mechanical systems—well past their normal, useful life spans, this is an overwhelmingly problematical issue.

As you know, we had to close the Arts and Industries Building (A&I) because the declining condition of the building presented safety hazards. We are looking at potential options that would allow us to return the building to public use, but it could cost more than $60 million alone to just fix the shell and roof of the building. An External Review Committee just examined the Smithsonian's art museums and galleries and cited facilities maintenance problems and the funding to solve those problems as a major, ongoing issue. My own experience as director of the National Museum of Natural History, a building that opened in 1910, has given me first hand experience of the need to improve and maintain the facilities for our collections, research, and education.

As mentioned, our museums, galleries, and research centers house some of America's greatest treasures, and historically the federal government has recognized its responsibility to ensure that those treasures are housed, preserved, and exhibited in facilities adequate to the task—and safe for employees and the public. It's clear that the scope of the facilities problem is enormous; we are very grateful for all the federal support to correct this massive problem—and for funds for research and exhibitions as well. The Smithsonian is working very hard to raise private funds to be used in partnership with federal funds to repair our facilities. Leaders of our management team met last week in an effort to expand our options in this area and discussions continue.

The Smithsonian has demonstrated that with sufficient resources, it has the ability to manage large, complex maintenance, renovation, and new construction projects. Over the last five years (fiscal years 2002-2006), the Smithsonian's facilities capital obligation rate has averaged more than 90%.

In the last few years alone, among other things, the Smithsonian has opened two new museums: the Steven F. Udvar-Hazy Center of the National Air and Space Museum and the National Museum of the American Indian on the Mall; revitalized the historic Patent Office Building, which now houses the Donald W. Reynolds Center, home to the National Portrait Gallery and the Smithsonian American Art Museum; and launched the National Museum of African American History and Culture, as well as opened many new exhibitions and exhibition halls, and completed a new state-of-the-art storage facility for collections stored in flammable alcohol.

The largest multi-disciplinary project ever undertaken by the Smithsonian Institution is under way—the $78 million Ocean Science Initiative at the National Museum of Natural History, in collaboration with the National Oceanic and Atmospheric Administration. The project includes a new exhibition space, the Ocean Hall (opening in 2008), a new endowed Chair for Marine Science research, educational outreach, a new Ocean Web Portal, plus funding for research. More than $34 million (44%) of the total funding will come from private sources, the rest federal.

The National Museum of American History will reopen in 2008. Implementing recommendations from its Blue Ribbon Commission, this museum will have a new home for the Star-Spangled Banner and a completely redesigned central core of the museum.

Of the nearly $113 million for the project, $67 million (59%) of the total funding will come from private sources, the rest federal.

Further into the future, the Smithsonian's 19th museum, the National Museum of African American History and Culture will open on the National Mall. Part of that museum is up and running right now, with a Web site and special programs. Funding for the construction of the museum will be half private and half federal.

The Smithsonian has a proven track record of accountability. As the Government Accountability Office said in its April 2007 testimony before the Senate Committee on Rules and Administration:

> The Smithsonian, we think, has done a very good job in centralizing and improving and professionalizing the facilities management of the Smithsonian and its operations over the last couple of years. And in fact, as the chair indicated earlier in wondering why some of the numbers have been increasing and the estimates, it's because of the professionalization and the better accuracy of developing the numbers and the true figures of what it's going to cost to take care of the problems.

With the help of the Congress, we can solve these problems.

The mission of the Smithsonian is "the increase and diffusion of knowledge," and we achieve it through our collections, research, and education. With state of the art facilities, we can better educate our nation's students and make sure that these treasures that document America and the world will be here for generations to come.

For example, the Smithsonian Center for Education and Museum Studies (SCEMS) is collaborating with the Council of Chief State School Officers (CCSSO) to create new ways for teachers and students to access Smithsonian collections and experts. The purpose of the collaboration is to enrich classroom instruction for all students. SCEMS, as part of the collaboration, leads SI-based professional development opportunities for the State Teachers of the Year. The 2006 District of Columbia Teacher of the Year was named the National Teacher of the Year and sits on the Steering Committee of this collaboration.

The National Sciences Resources Center (NSRC), a partnership with the National Academies, is helping improve science education in school districts that enroll 22% of the United States' K-12 student population. Using the NSRC's reform model, Washington State, Delaware and other states are providing evidence of the effectiveness of that model in improving student achievement in science, mathematics, and reading.

In the District, for the past three years, the National Science Resources Center has conducted annual professional development training sessions for teachers who provide after-school and summer enrichment programs for DC youth. These sessions teach teachers how to effectively engage youth in investigating interesting science problems

using the NSRC's middle school science curriculum. Each one of these teachers teaches 50 or more students as a part of this program. The estimated number of students affected by this program annually is 1,750 to 2,250.

The Smithsonian's Freer and Sackler Galleries of Art have forged formal partnerships with seven D.C schools, creating integrated units tied to the curriculum.

For the past five years, the National Air and Space Museum (NASM) has been working with the Aero Club of Washington to encourage district students to pursue careers in the aviation field. We're working with Cardozo Senior High, Stuart-Hobson Middle School and H.D. Woodson Senior High. More than 150 students participate in this educational enrichment activity yearly.

The Smithsonian Environmental Research Center has worked with 22 District of Columbia schools per year since 2000, serving nearly 700 students annually with a program on the biological and physical components of an estuary such as the Chesapeake Bay.

The Smithsonian Associates' Discovery Theater has a long and full history of serving the District's students. Inaugurated in 1979, Discovery Theatre now offers over 30 programs per year developed with the help of our Teacher's Advisory Board. Discovery Theatre creates curriculum based performances in the areas of history, culture, science, math and the arts. Approximately 12,500 students and adults from 135 District public schools participate in our interactive performances annually.

The Smithsonian's gateway to more than 1,200 free educational resources, www.smithsonianeducation.org, now includes a feature that aligns those resources to standards of learning in every state and Washington DC. Simply by entering the name of the state into the search engine, teachers can find lesson plans, virtual exhibitions, photographs and artworks, and databases of research information that apply to their curriculum. The state standards are correlated to all subjects – from language arts and social studies to mathematics and technology.

For the last twelve years the Smithsonian has hosted a teacher's night event, serving on average two thousand local teachers each year. During this event teachers receive free materials, see demonstrations, and plan curriculum-relevant visits to the Smithsonian.

I view the Smithsonian as a public trust; it belongs to every American, young and old, and learners of all ages. Tens of millions of adolescents have come to the nation's capital and have experienced the Smithsonian. Through our expansive education and outreach programs, millions more have experienced the Smithsonian in their own hometowns. I am particularly interested in this younger audience because they are America's future. We inspire the next generation of astronauts, scientists, artists, explorers, and historians. Once they experience the Smithsonian, this great Institution is in their hearts and minds for life.

One of my top priorities as acting secretary is to ensure that our ambitious plans move forward. The Smithsonian has so much to offer the public in terms of education, outreach, research, exploration, exhibitions, and much more. We've built up great momentum and it must continue.

The Smithsonian is keeper of our nation's historic, scientific, artistic, and cultural heritage. It tells the story of what it means to be an American. In cooperation with the Congress, the Smithsonian will move ahead with its ambitious plans and continue to provide the American people and visitors from around the world with an invaluable service.

Again, thank you for this opportunity to testify. I'd be happy to answer any questions.

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QUESTIONS
SUBCOMMITTEE HEARING
JUNE 15, 2007
SMITHSONIAN INSTITUTION AND THE JOHN F. KENNEDY CENTER

General questions for both panelists

- Explain your board composition and its responsibilities, and identify differences between your board and the other entity. (OGR)

Answer:
Composition:
- The Smithsonian's Board of Regents has 17 members.
- The Vice President of the United States and the Chief Justice of the U.S. Supreme Court are members by virtue of their office.
- The Speaker of the House of Representatives appoints 3 members from that body, and the President of the Senate appoints 3 Senators
- There are 9 "citizen Regents."
- In addition, the Smithsonian enjoys the support of over 400 people who sit on the Smithsonian National Board and the advisory boards of our various museums, research institutes, and programs.
- The Smithsonian National Board and the advisory boards are major sources of fund raising for the Institution.
- It's my understanding that the Kennedy Center board has 57 members, 36 of whom are appointed by the President, with the rest serving *ex officio* by Act of Congress.

Responsibilities:
- The Board of Regents is the governing board of the Institution.
  - Approve the Institution's budgets
  - Evaluate the performance of the Secretary on an annual basis
  - Approve capital projects
  - Approve major gifts and donations
  - Approve major business transactions
  - Approve major changes in policy
  - Nominate citizen Regents
  - Approve members of SNB and advisory boards

Schedule:
- The Board meets 4 times per year, and each meetings lasts for 6 hours
- The Board has an Executive Committee, 4 substantive committees (Finance & Investment, Audit & Review, Nominating, and Compensation & Human Resources), and *ad hoc* committees from time to time. Each of these Committees meets several times a year.

- How do the differences in the mission between your two institutions affect fund raising opportunities? (OD)

  Answer:
  - Fundraising mirrors SI mission of increase and diffusion of knowledge. Provides a broad set of needs which are of interest to over 6,200 donors each year from individuals, corporations and foundations.
  - Increasing knowledge: Each year about $115M is given to SI, its scientists, researchers, conservationists to explore and test new ideas
  - Diffusion of knowledge: Over last 7 years, attracted approximately $570M in private gifts to fund renovation of halls, galleries, exhibits, construction for new museums, traveling exhibits, and websites.

- You both have extensive education programs. How are they funded? What is the breath and extent of your program? (SCEMS)

  Answer:
  Funding:
  - Education is central to the increase and diffusion mission of the Smithsonian.
  - Federal funds support staff salaries and overhead for education programs (70%) and trust funds support development and dissemination of education programs and materials (30%).
  - For example, for new exhibitions, federal funds would support curators, educators and exhibition space but we fundraise for the design and construction of the exhibition and related education programming and publications.

  Breadth/depth:
  - 30 Smithsonian units organize education programs for the public: tours, presentations, workshops and courses, and opportunities for individual interactions with curators, researchers, zoo keepers and other staff. These units also provide print and electronic publications and web-based information.
  - The portal education website (SmithsonianEducation.org) recently added a State Standards of Learning alignment site that maps state education curriculum standards for all 50 states to over 1200 Smithsonian education resources. (The Smithsonian is one of the first government agencies to do this, if not the first.)
  - In FY2006, 2.6 million people participated in Smithsonian educational programming in our museums, galleries, the Zoo, and at venues in 21 states, Puerto Rico and the Virgin Islands.
  - To date in FY2007, 2 million people have participated in Smithsonian educational programming in our museums, galleries, the Zoo, and at venues in 18 states.

- How is the head of your organization chosen? What are the terms and conditions of the appointment? (OGR)

  Answer:
  - The Smithsonian's original statutory charter gives the Board of Regents the authority to hire a Secretary.
  - The Secretary serves at the pleasure of the Regents; there is no set term.

- How are board members chosen? (OGR)

  Answer:
  - The Vice President and Chief Justice sit on the Board *ex officio* - - that is, by virtue of their office.
  - The 6 congressional Regents are chosen by House and Senate leadership.
  - New "citizen Regents" are nominated by the Regents' Committee on Nominations, voted on by the Board of Regents, and confirmed by joint resolution of Congress.
  - Members of the Smithsonian National Board and the various advisory boards are nominated by those groups and approved by the Board of Regents.

- Both organizations have trust funds, how are those funds used? Can your trust fund accounts be used for capital expenditures or are they restricted in use? (OPMB)

  Answer:
  - As a rule, Smithsonian uses its Federal funds to sustain and maintain our buildings, collections, and core research.
  - Smithsonian's Unrestricted Trust funds are used for fund raising, Trust fund management, a portion of the Institution's administrative costs such as rent, financial, human resources, accounting, contracting, and legal services.
  - Unrestricted Trust funds also cover much of the salary and supporting staff costs of the Institution's senior leadership.
  - Some Unrestricted Trust funds as used for Affiliations and the Smithsonian Associates programs and for a portion of the Smithsonian Institution Traveling Exhibition Service.
  - Smithsonian Restricted Trust funds (received from donors and government and non-government sponsors) are used as directed for enhancements of exhibits and programs and new program initiatives.
  - Restricted Trust funds are also raised to share in the cost of major capital projects such as the construction of the National Museum of the American Indian and the revitalization of the Patent Office Building.

- Given the uniqueness of your organization, does that feature help or hinder fund raising for capital expenditures? (OD)

  Answer:
  - The Federal-Private Sector roles in renovating spaces and creating new museums is a powerful and important relationship. Within this existing framework, SI has raised over $506M from the private sector for new construction (i.e., NMAI) and renovations (i.e., Reynolds, SSB).
  - An additional $472M has been provided by the Federal government for renovation projects.
  - Donors like the collaborative nature. Nor would the institution be able to raise the needed funds entirely from the private sector in the timeframe needed and with the resources available.

- You both have extensive facility management responsibilities, how are you organized to fulfill those responsibilities? (OFEO)

  Answer:
  - Smithsonian takes a holistic approach to managing our facilities. We have distributed Operations and Maintenance responsibilities into eight zones to provide comprehensive coordination of all aspects of Operations, Maintenance, Revitalization (Capital Repairs) and Construction
  - Our Facilities Capital program is also managed by the same organization that plans, programs, designs and executes revitalization and construction projects.
  - Our facilities management organization has been extensively integrated under a single director per the recommendations of the 2001 NAPA report. Uniquely, this organization also has responsibilities for the Institution's security, disaster management, safety, health and environmental management, horticulture, mail and transportation.

- Do you feel you have enough authority to manage your institution? Raise money? (CSK)

Cristian Samper, ph.d
Acting Secretary
Smithsonian Institution

- How often do you interact with the Board of Regents? (OGR)

  Answer:
  - I attend all regular meetings of the Board of Regents
  - I attend the Regents' Executive Session meetings as requested
  - I attend meetings of the Regents' various committees as requested. There are between 10 and 15 such committee meetings every year, and I attend virtually all. In addition the recently created Governance Committee has been meeting every week since late February.

- What is the breakdown of your funding sources – that is, how much comes from the federal government, donations, grants, trust fund, and other sources? (OPMB)

  Answer:
  - The following is a breakdown of the Smithsonian's FY 2006 funding:

	$ in millions
Federal Appropriations:	
Salaries and Expenses	516.6
Facilities Capital	98.5
Total	615.1
Trust Funds:	
Government Grants & Contracts	112.1
Restricted Trust	161.7
Unrestricted Trust	58.2
Total	332.0
Total, Federal and Trust	947.1

- The sheer number of buildings that the Institutions owns or leases (700) and the fact that your inventory is worldwide presents a management challenge. Do you manage all your own buildings? Do you contract out for management? How is that decision made? What about your facilities overseas? (OFEO)

  Answer:
  - Do you manage all your own buildings? A. Yes (those that are not leased).
  - Do you contract out for management? A. No.
  - How is that decision made? A. Not applicable—we manage our own
  - What about your facilities overseas? A. Nearly all of our overseas facilities are in Panama and we manage those with in-house staff. The few other overseas facilities are managed by their program managers with locally available resources

- How much have security features and programs added to your overhead? (OFEO)

  Answer:
  - Since 2001, we have greatly strengthened our disaster management programs, installed temporary barriers around all of our most vulnerable museums and begun replacing them with fully engineered systems (e.g., NASM $6.9 million, NMNH $7.9 million)
  - We have an additional $69.8 million programmed between fiscal years 2009-13 for capital projects to extend this physical barrier program and continue with other blast mitigation and anti-terrorism measures.
  - In March 2003, we received $7.7 million to support 210 FTE's under the Anti-Terrorism program

- Do you actively seek private funding for buildings? What role do naming opportunities play in your fund raising scheme? (OD)

  Answer:
  - Yes, for renovation of exhibit halls, new construction of buildings
  - Never lose sight of our government at our greatest supporter and the reason why we have been able to create successful public-private partnerships to protect and showcase America's treasures.
  - The Udvar-Hazy Center was built principally by private donations ($196M versus $22M).
  - The construction of the Kogod Courtyard in the Reynolds Center was built by private gifts $117M; the renovation of the building itself cost $166M in Federal Funds.
  - All our facilities projects recognize gift support within the buildings. Decisions about the manner in which recognition is conferred is guided by Smithsonian Directive 105 and our fund raising guidelines.

- What is the Smithsonian's policy on naming a building or room in honor of a donor? (OD)

  Answer:
  - Conferring of names on Smithsonian Institution entities must be a careful and deliberate process. The Institution has a policy for naming museums, research institutes, offices, buildings and exhibition areas. It is Smithsonian Directive 105, dated February 10, 1995. This Institution further defines this policy in its Fund Raising Principles, Policies, and Procedures, effective January 2003.
  - The Smithsonian, like virtually all American educational, research, and cultural institutions, recognizes generous philanthropic giving through conferring donors' names on facilities, portions of facilities or exhibit areas, programs, and prestigious appointments. The Smithsonian does not extend this recognition to naming buildings or areas that carry major historical or national significance.
  - The Board of Regents maintains ultimate governance over all activities of the Smithsonian, including consideration of and decisions on major gifts, naming recognition and sponsorships

- Can you give us a general description of what comprises the Institution's $2.3 billion backlog in maintenance and repair? (OFEO)

  Answer:
  - $1.6 billion revitalization (capital repairs)
  - $0.3 billion construction (mostly anti-terrorism, some zoo work, Mathias lab, Pod 6)
  - $0.6 billion for maintenance fiscal years 2008-13

- Are there opportunities to partner with the private sector to bring needed funds to your building program? (OD)

  Answer:
  - We view the relationship we have with our donors as a partnership and as stated above have been successful in attracting gifts in support of new building construction and renovations.
  - We are in the process of investigating whether there are any interested and appropriate partners for us with the Arts and Industry building, and are discussing this concept with our key stakeholders in Congress.

- What is the status of the Arts and Industries Building? (OGR)

  Answer:
  - The Arts and Industries Building, originally known as the National Museum, is a National Historic Landmark and is very dear to all of us at the Smithsonian.
  - As of December 2006, the Arts and Industries Building is entirely vacated due to serious weaknesses in its physical infrastructure, primarily the roofing.
  - The Smithsonian does not currently have any programmatic plans for the AIB, and given funding needs for its other actively-used building assets, does not have funding now or in the foreseeable future to rehabilitate the AIB.
  - Accordingly, we are considering the use of a public/private partnership to provide private funding to redevelop and operate the building under a long term lease, and thereby return this important building to productive use.
  - We are currently consulting with our key stakeholders in Congress about this concept.
  - One of our Regents, Congressman Becerra, has also expressed interest in using the building for his proposed National Museum of the American Latino. (However, the Presidential Commission on the National Museum of African History and Culture found that the A&I Building "imposes a number of constraints on the project," notably insufficient space, temperature control, inefficient layout, and historic status. The Regents subsequently selected a different site for the NMAAHC)

- What is the status of the African American Museum? (OGR)

  Answer:
  - The Environmental Impact Study (EIS) is underway, on time and within the budget. A draft should be complete this fall.
  - The second major step is the Program Design, which involves determining the Museum's footprint based on what it will house (i.e. an auditorium, a slave cabin, a Pullman, etc.). We intend to let the RFP for a Program Design Contractor within the next several weeks.
  - Last month, the Museum launched its first national traveling exhibition: ***Let Your Motto Be Resistance: African American Portraiture.*** This is a

collaborative exhibition project between the NMAAHC and the National Portrait Gallery (NPG). That exhibition will tour 8-10 cities including, Washington, DC.

- Later this month, the Museum will launch its new website, which was developed in partnership with IBM.
- Thanks to your support and other members of the Congressional Black Caucus, the President's FY 2008 Budget request includes a $9.9 million increase for the museum. However, that funding increased was eliminated last week in the House Appropriations Committee mark-up of the FY 2008 Interior bill.

Michael Kaiser
President
John F. Kennedy Center for the Performing Arts

- You have extensive experience raising money in the private sector. What are the major differences between raising money in the private sector versus the public sector?
- What role does your Board play in fund raising? Are most of your gifts restricted or unrestricted gifts?
- What is the Kennedy Center policy on naming opportunities?
- What is the breakdown of your funding sources– appropriations? Donations? Grants? Trust fund? Other?
- Unlike the Smithsonian's vast array of real estate holdings, the Kennedy Center is a stand alone building. However, it is first and foremost a Presidential Memorial to the late President John F. Kennedy. What unique challenges or opportunities does that present to you in your fund raising capacity?
- Could you briefly update the subcommittee on the fire safety program.
- How much have security features and programs added to our overhead?

Cristián Samper
Acting Secretary

July 13, 2007

The Honorable Eleanor Holmes Norton
Chairwoman, Subcommittee on Economic Development,
Public Buildings and Emergency Management
Committee on Transportation and Infrastructure
United States House of Representatives
Washington, D.C. 20515

Dear Madame Chair:

During your June 15 hearing on Public/Private Responsibility for Funding National Treasures, you requested further information on several issues. This letter responds to those requests.

Patent Office Building

Background: The Smithsonian's *Donald W. Reynolds Center for American Art and Portraiture* opened to the public on July 1, 2006, in the old Patent Office Building, a National Historic Landmark. The original structure was built in phases between 1836 and 1867 – four wings around a central open-air courtyard. The Smithsonian acquired the building in 1960 and opened the Smithsonian American Art Museum (SAAM) and the National Portrait Gallery (NPG). The recently-completed renovation and enhancement project restored and renewed the building's four stories and basement, providing approximately 383,623 gross square feet for the SAAM and the NPG. The enclosure of the original open-air courtyard will create one of Washington, DC's largest (approximately 28,000 square feet) and most elegant spaces for year-round, all-season, multi-purpose use. The space will contain an interior landscape, water feature, and a 175-seat café and will be used for museum programs and special events. The planned opening for the courtyard is November 2007.

Funding: To date, the total cost of the renovation of the Patent Office Building is $269 million. Of that amount, $166 million or 62 percent was from federal funds and $103 million or 38 percent was from trust funds. The total amount of the federal funds was used for structural improvements of the building. The $103 million of trust funds was used in several ways, including $9.3 million for structural improvements, approximately $63 million for enclosing the courtyard, and the balance for exhibitions, installation of retail and concession spaces, costs related to opening events, and interest payments on advances. In 2004, Washington philanthropists and art collectors Robert and Arlene Kogod donated $25 million for the courtyard enclosure. In recognition of their gift, the space will be named for the couple.

Smithsonian Institution Building
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202 633 1846 Telephone
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Meeting Attendance of the Board of Regents

The 17-member Board of Regents meets four times a year and includes the Chief Justice of the United States and the Vice President of the United States; both are *ex officio* voting members of the Board. Other members of the Board of Regents are three members of the House of Representatives, appointed by the Speaker of the House; three members of the Senate, appointed by the President pro tempore of the Senate; and nine citizen members, nominated by the Board and approved by the Congress in a joint resolution signed by the President of the United States. Regents who are Representatives and Senators serve for the duration of their elected terms. Citizen Regents serve six-year terms, with a limit of two terms.

From February 1997 through June 2007, the attendance rate of the congressional members for meetings of the Board of Regents was 73%. During that same period, the Chief Justice's attendance rate was 75%, the Vice President's attendance rate was 0%, and the citizen regents' attendance rate was 79%.

Donor Naming Opportunities at the Smithsonian Institution

The Smithsonian policies require that the Board of Regents approve the naming of all Smithsonian facilities and programs, in whole or in part. Over the past 10 years, the Smithsonian has received 1500 gifts of $100,000 or more. Of those 1500 gifts, 140 have been the subject of naming opportunities. Of those 140 naming opportunities, 70 donors are recognized by naming facilities, galleries or spaces, and the other 70 donors are recognized in support of programs and endowments which carry the donors' names.

Expenses of former Secretary Larry Small

The Inspector General's January 16, 2007, Report on Secretary Small's expenses found $7,108.89 in undocumented expenses and $21,456.69 in inadequately supported expenses. In addition, the Inspector General found approximately $90,000 in unauthorized expenses (including unauthorized travel transactions and unauthorized non-travel transactions). Documents supporting the unauthorized transactions are enclosed. This set of documents is identical to that provided to the Senate Finance Committee in response to a request from Senator Grassley.

Unsupported or Inadequately Supported Expense Transactions

The Inspector General found a total of $28,565.58 in "unsupported and inadequately supported expenses." Those are two different categories lumped together. Of that amount, $7, 108.89 was "undocumented," which means there was no documentation at all for $7,108.89 of expenses. The balance of $21,456.69 represented inadequately supported expenses, which means that there was some documentation, but the amount of
documentation was insufficient (for example, a copy of a receipt but not the receipt itself).

Unauthorized Travel Transactions

The Inspector General found a total of $21,689.21 in "unauthorized travel transactions." These expenses, while fully documented (therefore not included in the "unsupported" category) did not comport with the Secretary's employment agreement nor with the Smithsonian's travel policies.

Unauthorized Non-Travel Transactions

The Inspector General found a total of $67,865.40 in "unauthorized non-travel transactions." These non- travel expenses, while fully documented (therefore not included in the "unsupported" category) were found to be outside of Smithsonian policies (for example, staff breakfasts and other meals with staff that the Secretary hosted or gifts to staff).

The Institution is in the process of reviewing these expenses to determine whether any of them should be considered taxable income. If so, the Institution will file the appropriate amended forms with the Internal Revenue Service.

I look forward to working with you in the months to come as we search for ways to meet the Smithsonian's many challenges and enhance its opportunities.

Thank you for your interest in the Smithsonian.

Sincerely,

Cristián Samper
Acting Secretary

Enclosures

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