Hearings
Before a
Subcommittee of the
Committee on Appropriations
House of Representatives
One Hundred Second Congress
First Session

Subcommittee on the Department of the Interior and Related Agencies

Sidney R. Yates, Illinois, Chairman

John P. Murtha, Pennsylvania
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Tuesday, February 5, 1991.

SMITHSONIAN INSTITUTION

WITNESSES

DR. ROBERT McC. ADAMS, SECRETARY
CARMEN TURNER, UNDER SECRETARY
JOHN F. JAMESON, SENIOR ADVISOR, OFFICE OF THE SECRETARY
PETER POWERS, GENERAL COUNSEL

BUREAU DIRECTORS

DR. MARTIN HARWIT, DIRECTOR, NATIONAL AIR AND SPACE MUSEUM
ROGER KENNEDY, DIRECTOR, NATIONAL MUSEUM OF AMERICAN HISTORY
DR. FRANK TALBOT, DIRECTOR, NATIONAL MUSEUM OF NATURAL HISTORY

Purpose of Hearing

Mr. Yates. The hearing will come to order.

This is in the nature of an oversight hearing on the question of priorities, the establishment of priorities by the Smithsonian Institution. The reason for the hearing is because it has so many priorities, and there is only a limited amount of Federal funds available to all Federal agencies, including the Smithsonian.

I understand there are Members of Congress who are here, there are Senators who may be here. We have had letters from Governors, letters from Mayors, and I want to express my regrets to all of them.

I know I gave them the impression that this hearing, when initially scheduled, would relate to the question of the selection for expansion of the Air and Space Museum either to Dulles, to BWI or to Stapleton in Denver. To them, I recently wrote a letter telling them of the change in the purpose of the hearing, and I want to put that letter into the record at this time.

The first letter was to the Secretary of the Smithsonian, Mr. Adams. That letter may go in at this time. In the letter, I said the fundamental question to be reviewed is not whether the extension of the Air and Space Museum should be built at Dulles or on another location, but whether at this time it should be built at all.

It leads into broader issues which we have discussed in certain aspects in the past. These include the total construction and operating expenses of the Smithsonian projected over the next decade, how these costs are proposed to be met, and how priorities among
all the competing requirements and opportunities facing the Smithsonian are established. [The information follows:]
Honorable Robert McC. Adams
Secretary
Smithsonian Institution
Washington, D. C.  20560

Dear Mr. Secretary:

I have had a chance to review the proposed hearing scheduled for February 5, 1991, and have come to several conclusions which I thought should be shared with you before that time.

The fundamental question to be reviewed is not whether the extension of the Air and Space Museum should be built at Dulles or at some other location, but whether at this time it should be built at all. This question arises currently because of the budgetary restrictions we face, and it leads into broader issues which we have discussed, in certain aspects, in the past. These include the total construction and operating expenses of the Smithsonian projected over the next decade; how these costs are proposed to be met; and how priorities among all the competing requirements and opportunities facing the Smithsonian are established.

In this regard, the Smithsonian has a long list of new and old construction and rehabilitation projects that are currently estimated to require over $700,000,000 between now and the year 2000. You have testified that the new Indian museum and related facilities, which together are estimated to cost over $200,000,000, are your highest priorities. You have also testified at various times that not only the Air and Space Museum but almost every Smithsonian museum requires expansion. Therefore, I believe that it is appropriate to address these broader issues at the
February 5 hearing, and I look forward to a full discussion of them with you and members of your staff at that time.

Sincerely,

Sidney R. Yates
Chairman
Subcommittee on Interior and Related Agencies
Mr. Yates. In this respect, the Smithsonian has a long list of new and old construction and rehabilitation projects that are currently estimated to require over $700 million between now and the year 2000.

The rest of the letter speaks for itself, and is in the record. Following my sending that letter to Mr. Adams, I sent letters to three of my colleagues, all of whom I knew were interested in the extension of the Air and Space Museum. One was to the Honorable Frank Wolf, U.S. House of Representatives, and I read his letter now.

The other two were sent to David Skaggs, who is the primary exponent of the extension at Stapleton Airport in Denver, and the Honorable Ben Cardin of Maryland. My letter to each of them read as follows:

"I am enclosing a copy of the letter I have just written to Robert McCormick Adams, Secretary. You will note that after extensive research and consideration, I have concluded that the fundamental question is not where the extension to the Museum should be built, but whether it should be built at all, in view of the large budget constrictions facing us.

"Every Smithsonian Museum needs rehabilitation and expansion. Air and Space has received the most publicity, but it is only one of many which will need appropriations for the same purpose. At the hearing, I shall request the Smithsonian to advise the Subcommittee of its order of priorities in proceeding with its construction programs and its proposals for paying for them.

"As you can see, we face a much greater problem than the Dulles extension."

[The information follows:]
The Honorable Frank R. Wolf
U.S. House of Representatives
104 Cannon HOB
Washington, DC 20515-4610

Dear Frank:

I am enclosing a copy of the letter I have just written to Robert McCormick Adams, Secretary of the Smithsonian Institution respecting the hearing on February 5, 1991. You will note that after extensive research and consideration, I have concluded that the fundamental question is not where the extension to the Air and Space Museum should be built, but whether it should be built at all in view of the large budget constrictions facing us and the Smithsonian's many construction and rehabilitation needs.

Every Smithsonian museum needs rehabilitation and expansion. Air and Space has received the most publicity, but it is only one of many which will need appropriations for the same purpose.

At the hearing I shall request the Smithsonian to advise our subcommittee of its order of priorities in proceeding with its construction program and its proposals for paying for them.

I regret very much the inconvenience and contrary information I may have given you about the purpose of the hearing. As you can see, we face a much greater problem than the Dulles extension.

Sincerely yours,

SIDNEY R. YATES
Member of Congress

Identical letters sent to:
The Honorable John Glenn
The Honorable Benjamin L. Cardin
The Honorable David E. Skaggs
MEMBERS' TESTIMONY

Mr. Yates. We have received a statement from Senator Glenn with a request of appearing at the hearing. I am sorry I can’t accept oral testimony from Members of Congress who may be here today. There will be an opportunity for receiving their views at some future date when the question does come up at that time when, in view of a decision that there ought to be an extension of the Air and Space Museum, the decision must be made as to where that should be.

At that time, of course, their testimony will be very pertinent. If they want, however, to offer written testimony to be made a part of the record at this time, we will be glad to receive it.

FY 1991 SMITHSONIAN BUDGET HEARING

This Committee has, in the past, acknowledged the extraordinary institution that is known as the Smithsonian. We have said so several times in statements like the one that appeared in our report—for example, in the report to the last year’s bill, we said this:

The Smithsonian Institution is unique in the Federal establishment established by the Congress in 1846 to carry out the trust included in James Smithson’s will. It has been engaged for 143 years in the “increase and diffusion of knowledge among men,” in accordance with the donor’s instructions.

For some years, it utilized only the funds made available by the trust; then, before the turn of the century, it began to receive Federal appropriations to conduct some of its activities. With the expenditure of both private and Federal funds over the years, it has grown into one of the world’s great scientific, cultural and intellectual organizations. It operates magnificent museums, outstanding art galleries, and important research centers. Its collections are among the best in the world. Its traveling exhibits bring beauty and information throughout the country.

Obviously, the Smithsonian is among the Federal agencies, establishments, whatever you want to call it, among the greatest institutions affiliated with the Federal Government, in the opinion of the Committee, and the Committee wants—not only wants the Smithsonian to continue to hold the high place that it has in our view, but an even higher one in our Committee, and as well throughout the country.

What we hope we are doing by this hearing is helping the Smithsonian in its relationship with the Congress and with the Federal Government. We do wish that we had the funds to allow the Smithsonian to realize its dreams and its goals as they set them out themselves, because we believe, with Robert Browning, that man’s reach should exceed his grasp, for what is a heaven for?

In these days of budgets, we are required to limit ourselves, we are required to limit our reach, and whatever we are able to grasp, we consider that to be a fortunate action. The Committee thought we had done well by the Smithsonian in its request for funds over the years.

Last year’s budget was a significant increase over the previous years, but our hearing on the new budget showed that there was no joy in Mudville.
Mr. Regula. Or Cincinnati.
Mr. Yates. I combed through the testimony that had been given by Secretary Adams and the Museum Directors, and commented at last year’s hearing that this was one of the most somber gatherings we had had in my memory.

Traditionally, the hearings with the Smithsonian, at least in my memory, was kind of a joyous occasion. We had a recitation by the Secretary and by Museum Directors and other staff members, Assistant Secretaries, which showed progress and movement and an increase in the role the Smithsonian is playing in meeting Mr. Smithson’s admonition. But last year, according to page after page of testimony that I read as to the needs which were not being met at the Smithsonian, which is, as I pointed out, the greatest jewel of creative innovation, history and research which the country has to offer, there is a $229 million repair backlog and inadequate cataloguing of the information processing system, collection management and acquisition efforts that are suffering from lack of funds, a record high staff vacancy rate of 10 percent, closure of collections because there wasn’t enough money to adequately protect the Museums.

It raises the interesting question: Do we protect, do we polish, do we embellish the jewels we have in existence, or does the Smithsonian expand and expand and expand, reaching for new activities that are worthwhile?

There is no criticism of the fact that what they hope to do and take steps to do are wonderfully proper and appropriate in carrying out their function. But what do we do when obviously, the funds are limited?

Then I remember that at the close of our hearing, we had this most eloquent recitation, essay, statement, by our good friend, Roger Kennedy, in which he talked about chiselment. I would almost like to read the whole statement, because it was good, and it brought out something that we rarely have in this room, and that is a tremendous round of applause led by the Museum Directors, and rightly so.

Chiselment, inability to let the Smithsonian do the things it ought to be doing to even make the place of grace that it has in our community a much more graceful one. But who is doing the chisel- ing? Is it the Federal Government? Is it this committee? Is it the Smithsonian itself?

These are things that we hope to go into today as we proceed with the testimony.

**SETTING PRIORITIES FOR THE SMITHSONIAN**

Now, what are the Smithsonian’s priorities? Who decides the Smithsonian’s priorities? By what procedures? Is everything it wants a priority? Is Congress required to approve decisions by the Smithsonian’s priority-makers?

Does Congress have a voice in the selection other than through the appropriations process itself, by either increasing a request or by denying a request?

The Smithsonian, as we pointed out, the institution that it is, has two funds from which it is to draw: It has its own private funds,
which it uses for certain purposes, and we the Congress don't interfere with that very much, but the question is raised occasionally about whether the Congress might interfere if it could.

**OWNERSHIP OF THE HOPE DIAMOND**

For example—Mr. Adams can confirm or deny this—we have the rumor before our committee that the Hope Diamond has been leased to Japan, for example, for $2 million.

Mr. ADAMS. That is incorrect.

Mr. YATES. The Hope Diamond is not leaving home?

Mr. ADAMS. That is a different question.

Mr. YATES. What is going to happen to the Hope Diamond?

Mr. ADAMS. The possibility has been raised that during a period of time that the gem and mineral hall is being fully restored, which will take it out of public use in any case, we might contribute to the payment that is needed for that restoration by putting the collections on loan temporarily to some of the great Americans museums—and incidentally, to Japan—and in that way, get the funds that are needed from the private sector to complete the restoration. That is only a proposal.

We don't know whether the country will stand for it. We have simply said that is a proposal that we will look at.

Mr. YATES. Another rumor is that there is a lease of some of our spacecraft to Japan for $20 million. Is that spurious, too?

Mr. ADAMS. To the best of my knowledge, that is totally spurious.

Mr. HARWIT. I heard recently that there was a Japanese firm that was interested in borrowing the Space Shuttle. I have had requests like that two or three times a year from Japanese firms. We have always refused them. There is an appointment that has been set up to hear what the proposal is. I don’t know what it is going to be. I can keep you informed.

Mr. YATES. Thank you. We have it authoritatively now that the rumors were invalid. I must say that had the Hope Diamond loan been undertaken, in my wild imagination, as I considered that, I said, well, if they can loan that to Japan, can they sell it to Japan?

And I raised that question with various lawyers. They said you could. You might not do it, but it struck me that I don’t know the value of the Hope Diamond, but isn’t it interesting to consider the possibility of a sale of the Hope Diamond either to Japan or England or some foreign country with $200 million being the amount that is necessary for the Federal contribution to the extension of the Air and Space Museum?

You don’t have to worry about Federal appropriations in that respect.

Mr. REGULA. Will you yield? Technically, who has title to the Diamond, the United States Government?

Mr. YATES. I leave that to the Secretary or Mr. Powers. Who has title to the Hope Diamond?

Mr. POWERS. The Smithsonian Institution.

Mr. YATES. What is the interest of the United States in the Hope Diamond?

Mr. POWERS. Profound.
Mr. Yates. Does the United States have a proprietary interest in the Hope Diamond?

Mr. Powers. I don't know the answer to that question. That is a technical wording. I will say that my recollection is that the gift of the Hope Diamond was restricted, that it cannot be sold.

Ownership of Other Artifacts and Smithsonian Buildings

Mr. Yates. How many such restricted gifts are there, lots of them?

Mr. Powers. A great many, the things that cannot be sold, from the history of the institution, are quite a few.

Mr. Yates. May anything else be sold that isn't so restricted? Suppose Mr. Kennedy at the American Museum wanted to sell George Washington's sword? Has it been found? It is the teeth we were looking for. I see.

Mr. Adams. In any case, Mr. Chairman, Mr. Kennedy couldn't do it without my okay.

Mr. Yates. Suppose you were short of funds for one of your favorite endeavors, and you looked around and said, the American people have no interest in Archie Bunker's chair or a few of the other things that Mr. Kennedy has; I think we ought to sell these and use the money for a more beneficial purpose.

Mr. Adams. These are wonderful thought experiments, but I think the Regents would fire me if I were to make choices with regard to these things on the basis of financial decisions alone.

The Institution rests in the center of American consciousness because, in part at least, of the judgment that has gone into it over 143 years and what was, in a grand old phrase, a decent respect for the opinion of mankind. That has to figure in what the Institution does.

I assume that we would pay due attention to that question before we reached any decision. I think you and the Congress and the American people would expect that.

Mr. Yates. What about the objects in the Sackler Museum and the African Museum, does the Smithsonian own them? Mr. Powers, I get back to the same question because it has troubled me—what is the interest of the United States in the Smithsonian buildings or in the artifacts? Is there a proprietary interest other than the general public interest?

Mr. Powers. I think the way the legislation setting up the Institution was structured is that the title is in the Board of Regents, there are different things that we have custody of such as Federal real property and other property purchased with Federal funds, but in general, the title is in the Board of Regents.

Mr. Yates. Title is in the——

Mr. Powers. In other words, they have the authority unless there are restrictions to transfer that property, and they do from time to time. I think I should mention that virtually, I think, all of the collections management policies which the museums have require that if any of the collections material is sold, the proceeds must be used for additions to the collection.

So, there is a considerable history of—behind this—of a policy of not simply selling collections to pay the rent.
Mr. Yates. Question: The Air and Space Museum, as I recall the financing of it, was done about two-thirds by Federal financing, and a third by the Smithsonian?

Mr. Powers. No. The Quadrangle was done that way.

Mr. Yates. How was Air and Space done?

Mr. Powers. I believe all Federal funds.

Mr. Yates. Who owns that building?

Mr. Powers. Under the provisions of Title XX, it is said that that building is "appropriated" to the Institution.

Mr. Yates. Does that mean that title has passed to the Institution and the United States no longer has an interest in it?

Mr. Powers. Where that building was built on the public reservation, the concept of appropriation is determined by the time in which the Institution would use it for its purposes. We talked about this back in the late seventies, that if for some reason the Institution no longer had any use for the Air and Space building, it would go back to the Federal interest, to the GSA or whatever the appropriate Federal interest would be.

Mr. Yates. That would not apply to any of the artifacts—that concept would not apply to any of the artifacts that the Smithsonian has in its ownership in the event that for some reason, Smithsonian was to be disestablished?

Mr. Powers. Well now, that is a very broad question, because there is a long history of our relationship in Air and Space, particularly with NASA and the way those artifacts have come to us. We have a committee that studies those questions.

Mr. Yates. Who owns the Enola Gay?

Mr. Powers. I believe we do.

Mr. Yates. Was it an outright gift from the Air Force?

Mr. Harwit. I think that is correct. I would have to look that up. Regarding the Space Shuttle, for example, or some of the other space artifacts, we have an arrangement with NASA whereby if we no longer want to have use of one of the artifacts that we have received from them, we have to offer them that artifact back.

So, they have first choice of recovery.

OPENING STATEMENTS

Mr. Yates. Okay. Now, I am going to put your statement, Mr. Adams, into the record. Do you have other statements?

Mr. Adams. I have some supplementary remarks, Mr. Chairman. I have given a copy of them to the reporter, and if you prefer to proceed informally—

Mr. Yates. I would rather proceed informally.

[The information follows:]
STATEMENT

BY

ROBERT McC. ADAMS
SECRETARY
SMITHSONIAN INSTITUTION

BEFORE THE

SUBCOMMITTEE ON INTERIOR
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES

WASHINGTON, D.C.

FEBRUARY 5, 1991
Thank you, Mr. Chairman, and good morning.

I am pleased to be here today and to have this opportunity to introduce Carmen Turner, the Institution's new Under Secretary, to the Subcommittee. I also appreciate being able to present to you in advance of our regular appropriations hearing an overview of the Smithsonian's priorities for the next decade and estimates of resources required for addressing those priorities.

The fundamental challenge in a climate of budgetary restraint is how to balance the needs of current programs and the maintenance of existing structures with the dynamism that is central to the vitality of the Smithsonian and most obviously manifested in enlarged activities and additional facilities. Clearly you and we can meet that challenge only by careful review and planning. It is the comprehensiveness of those processes at the Institution that we share with you today with the hope that this will assist the Subcommittee in its deliberations later this year on the allocation of acutely limited Federal resources.

The aggregate of the priorities we have identified as we look to the end of the century and, indeed, of the millennium, while very large, also is essential if the Institution is to meet its basic responsibilities for the public services inherent in its mandate. Some of the priorities may need to be delayed in execution, but assuming the financial ability to achieve all that is currently planned, we will by the year 2000 have completed the $700 million construction program currently planned and underway,
as well as nearly $138 million in construction and improvements at the Rock Creek and Front Royal facilities of the National Zoological Park. With the opening of the National Museum of the American Indian, we will have completed the necklace of structures bordering the greensward of the Mall, utterly transforming its character at the beginning of the century as the heavily treed Smithsonian Park, whose only common links with the present are the Castle and the original U.S. National Museum, now known as the Arts and Industries building.

In addition to on-going museum and research activities, and the fulfillment of related programmatic objectives, the Institution will, by the end of this century, have been central to national and international observances of the cultural encounters resulting from the voyages of Christopher Columbus some five centuries earlier. It will, as well, have marked appropriately its own Sesquicentennial. Its Trust Fund resources, rooted in the half million dollar legacy of the English scientist for whom it is named, are expected to have grown into an endowment projected at more than $500 million and a total annual operating budget from all sources, not solely appropriations, of almost a billion.

How we get there and by what means are, of course, the subjects of today's meeting. To a major extent those paths are outlined in Choosing the Future, the five-year planning document that we submit to you annually with our budget request. Its content is re-evaluated and up-dated regularly. Changing only
slowly over recent years in this process, its cost estimates and scheduling take on greater precision as the time for implementation of particular projects draws nearer.

The programs and facilities described in this document do not constitute a wish list, but rather the result of an intensive long range planning process involving the entire executive staff of the Institution, as well as many other staff engaged in its programmatic activities and administrative operations. Mr. Chairman, I believe it would be useful for me to describe in some detail the planning process which we follow to "choose the future".

Several years ago, as we began to grapple with the difficult issues of priority setting for a growing number of diverse needs and opportunities that could not be cross-ranked with one another, it became apparent that we needed a more rigorous and systematic process for analyzing our situation. After adopting planning mechanisms used in the corporate sector and in large, complex educational and research institutions, our first step was to amplify the Institution's basic five-word purpose - to increase and diffuse knowledge - into a more contemporary statement of its mission and its primary goals. These goals have as their foundation the Smithsonian's traditional functions which encompass research, collections management, exhibits, and other public programs. We also have made explicit in these goals the principles that we value as an Institution, such as our special responsibilities for the conservation of collections because the extent of those with which we have been entrusted gives us an
unparalleled advantage over other organizations with similar purposes, and our role as a public institution makes it essential that we serve all sectors of the population.

Within the over-arching considerations of mission, goals, and values as a context, we undertake a comprehensive analysis of the Institution's current situation and its external environment to determine how both sets of realities will impact on our ability to fulfill our purpose and accomplish our goals in the years ahead. This analysis involves careful consideration of factors beyond our control such as changing demographics, changing public values and attitudes, recent technological developments, advances in peer institutions, new laws, regulations and policies, and other similar catalysts emanating from our external operating environment. We also take a hard look at our own strengths and weaknesses by examining such factors as our readiness to respond to outside pressures, staff profiles relating to emerging and longstanding areas of expertise or deficiency, the condition of our collections and facilities, and a range of other considerations that are within our power to influence. After completing these "inside-out" and "outside-in" reviews of the Smithsonian's environment, we "choose our future" by determining themes of emphasis for our program and facilities planning and for subsequent budget choices. Each of our major bureaus and offices has developed specific objectives - desired outcomes that executive management supports and for which there is broad staff consensus. These objectives endeavor to exploit our opportunities and build upon traditional strengths,
overcome weaknesses, and mitigate the effects of threats thrust upon us by the outside world.

Mr. Chairman, last year you initially became familiar with the "Areas of Emphasis" that resulted from this planning process. They appear again this year on pages 7 - 11 of Choosing the Future, but I will highlight them for you:

-- First, we must heighten our "Stewardship of the Public Trust" which is our commitment to a range of infrastructure requirements for current programs and existing buildings, and manifests itself in both our operating and capital budgets as reinstallation of out-dated exhibitions, conservation of collections, improved information system capabilities, and repair and restoration of buildings, to name only a few examples here.

-- Second, we have unique strengths to help this and future generations "Understand the Global Environment and Our Place in the Universe." This directs us to give priority to global change research initiatives in those areas for which no other institution has comparable special expertise, and to enhance our telescopes so that our cadre of world-class scholars at the Smithsonian Astrophysical Observatory can remain productive.

-- Third, because we are a public institution and because our collections are rich with the diversity of this Nation's many cultures, we have unmet obligations to "Exemplify the Nation's Pluralism." Hence, the National Museum of the American
Indian, the commemoration of the Columbus Quincentenary, and bringing greater diversity to the senior and professional ranks of the staff are but several initiatives that we have assigned priority in the decade of the Nineties. Clearly, here again both our operating and capital budgets demonstrate the priority that we have assigned to these new directions. -- Lastly, we have added one new area of emphasis this year, although this priority has not yet been translated to current or new programs. We recognize a responsibility and a marvelous opportunity to "Bring Synergism to Contemporary Public Education."

Our resource projections for all accounts are virtually inseparable from the processes of determining needs and objectives, based as they are in funding history and future targets. The projections represent what we believe to be a reasonable trend in Federal appropriations, consistent with that history which, of course, reflects the attentive generosity of the Subcommittee. They incorporate, as well, the anticipated results of expanded fund-raising efforts, the prospect of public-private partnerships, and the continued good performance of our revenue-producing activities.

Central to our projections are certain assumptions, the most basic of which is a stable, peacetime, national economy. While that assumption may not now be viable, it remains for the near term a working hypothesis and an expression of hope, subject, of course,
to adaptation and change in the light of changing circumstances.

That adaptation has, in fact, occurred with respect to our revenue-producing activities. We experienced a down-turn in income in Fiscal Year 1990, and, correspondingly, in expectations for Fiscal Year 1991. As a result, we have made reductions in planned expenditures in our Trust fund accounts, and are prepared to make further ones if that trend continues.

To date $3.5 million in the Regents Awards Programs (Scholarly Studies, Collections Acquisitions, Educational Outreach, and Special Exhibitions) have had to be cut, even though these provide important support and direction to major activities of the bureaus. Preliminary projections based on first quarter results suggest further decreases in income; the possibility of additional program reductions must await more complete analysis.

In addressing the specific elements in this decade of Smithsonian priorities with respect to the repair, renovation, and construction of facilities, I would note that our requirements are presented annually in three appropriation accounts: Repair and Restoration of Buildings; Construction and Improvements, National Zoological Park; and Construction. Criteria for determining projects that appear in those accounts and their priority differ, depending on whether a project is related to the care of an existing facility or is an entirely new one.

The currently identified backlog of work required to bring the Institution's physical plant up to an acceptable level of repair
and code compliance, and to assure long-term building preservation, is updated each year as a result of an annual inspection of facilities. It forms the primary basis for development of the Repair and Restoration of Buildings Program. In developing our plans and budgets we seek a balance between the repair needs of existing facilities and the alterations required to assure effective program operation. Priorities for individual projects are set, with emphasis given to (1) projects required to meet life safety or health codes or to mitigate hazardous conditions; (2) repairs required to keep building systems and equipment in operation or to avoid major replacement; and (3) projects that will provide a financial return in terms of efficiency of operations or cost savings.

Examples of life safety and code compliance projects include asbestos abatement, removal of PCB-filled transformers, modifications to improve accessibility for persons with disabilities, and installation of fire protection systems. Repairs to building systems and equipment include roof repairs, facade repointing, electrical and plumbing repairs, and replacement of chillers and cooling towers. Projects in this category may also extend to replacement of entire systems, such as the HVAC and electrical systems replacement at the Natural History Building. Projects that will provide a financial return include replacing single-paned windows with multiple-paned ones, installing automated equipment monitoring systems, and replacing older utility equipment with more energy-efficient ones.
In determining the relative priorities of projects, the effect of on-going programmatic activities is placed against the potential risk associated with deferral of the work. Major projects are phased to avoid major disruption where possible. A long-range program is projected over a period of five or more years, incorporating information from the backlog of essential maintenance and repair, programmatic needs, and future replacement requirements of major building equipment, systems, and components generated by the preventive maintenance program. We are making effective use of the nearly $30 million made available in the current fiscal year for the Repair and Restoration of Buildings, and would hope to increase its annual funding to the $35 million level, anticipating that this amount will allow us to reduce the backlog of repairs to a manageable level over the next eight to ten years, while accommodating additional repair requirements that will surface during that period.

Priorities for construction at the National Zoological are related to master plans that have been developed for Rock Creek Park and the Conservation and Research Center at Front Royal. From Fiscal Year 1974 to Fiscal Year 1990 Congress appropriated $57,830,000 to carry out major portions of the Rock Creek plan which was revised in 1986 to reflect educational and conservation initiatives of its director. The Development Plan for Front Royal seeks to establish an infrastructure that will serve all the major functional courses that the Center may follow over the next twenty
years. Repairs and improvements at both facilities address priorities established through annual review for general up-keep and preventive maintenance.

Proposals for major new construction in other program areas result from a variety of internal and external initiatives, and are developed in very close collaboration with our museum and research directors. To meet these needs, staff and contractor assistance is sought for the preparation of studies and analyses of requirements and early identification of possible solutions and sources of funds. Once a range of the scope and cost of a project has been estimated, it is presented to the Secretary and, if its magnitude so warrants, to the Board of Regents, for general concurrence with Institutional objectives and approval to proceed with planning. Regents approval of certain projects may also produce a request to obtain specific legislative authority.

Although any particular facility usually serves two or more functions, the priority of those functions is (1) the care of the national collections (including those at the National Zoological Park); (2) support of basic research, (3) public education and exhibitions; and (4) administrative and technical support. Exceptions to this ranking happen on occasion. For example, the size and scope of important collections that become available by gift or transfer may justify a new museum building. Such have been the cases of the Freer, Hirshhorn and Sackler gifts, and the Heye collection transfer, although in each of those cases space for
collection care has been a central consideration.

Approved projects are assembled into a ten-year program. Factors weighed in assessing the relative priority of projects include their individual long-range importance in relation to our "Areas of Emphasis", the relationship between a particular project and the priority of the program with which it is associated, the adverse impact of its deferral, the uniqueness of the opportunity presented by the project, the prospective economic climate, the possibility of private sector financial support, the availability of alternative interim measures, and specific timing factors such as the fixed schedule of an anticipated program initiative or a commemorative occasion.

Because the Smithsonian must be responsive to opportunities that arise unpredictably, the list of priorities for new construction must of necessity incorporate some flexibility. However, additions to it are subject to the rigorous weighing of factors already cited and such others as may come into play.

In summary, project priorities arise through programmatic considerations; are assessed in terms of function; and are ranked by weighing factors such as impact, timing, and financing. They may change because of unanticipated opportunities, as well as the availability of authorizations. Sometimes they can be divided into discrete components with different priorities, thus permitting delayed or interrupted financing, rather than a commitment of total project funding at the outset. Currently, the Heye Center of the National Museum of the American Indian at the old New York Custom
House has our highest priority, followed by the East Court In-fill at the Natural History Building, and the renovation of the Old General Post Office, all of which are authorized.

Design of the Custom House in New York City is virtually complete, and we expect to go to bid on the construction contract this Spring. The staff of the National Museum of the American Indian currently is developing, in consultation with Native American communities, program plans for the Mall museum and the Suitland storage facility. Beginning in Fiscal Year 1992 these will be incorporated into specific facility plans for those two buildings. Planning for the East Court In-fill and the General Post Office Building also is underway. We expect to begin detailed design of the East Court this fiscal year; funding to begin design of the General Post Office Building is included in our request for Fiscal Year 1992.

Your letter of January 22 refers to the extension of the Air and Space museum and questions whether or not it ought to be built. As you well know, we have been seeking authorization for the extension, believing that it is entirely consistent with our priorities and the processes of their determination, based as it is on the care and conservation of national collections.

Permit me for a moment, Mr. Chairman, to take the long view of the role of the Smithsonian in the field of air and space that it is a special responsibility of the Secretary to offer. Not long before his death Armand Hammer remarked to me that he remembered
hearing the news of Wilbur and Orville Wrights' first successful flight as a very young boy, and then that he had been privileged to be on the tarmac in Paris as a young man when Charles Lindbergh landed. We who are living through it probably are not sufficiently cognizant of what an extraordinary age of exploration and achievement ours has been. Within a single lifetime, mankind has gone from the very beginnings of powered flight, barely above the surface of the earth, to spacecraft whose observations and transmissions continue to be received as they approach the edges of the solar system. Whatever may happen in centuries to come, this is a story whose substance and physical vestiges will continue to inspire visitors to our Nation's capital. I am confident that the Smithsonian will, and indeed must, succeed in finding the necessary resources, in some combination of the public and private sectors, to continue adding to, conserving, and displaying its unsurpassed collections in this area.

More than two decades ago, in designing the Air and Space Museum facility on the Mall, the staff was well aware that it would not have the capacity to accommodate the Museum's entire collection, allow for additions to it, or provide space for support services. The eventuality of another structure was acknowledged in order to meet those needs and to replace the aging Garber facility in Suitland, Maryland, which houses in unsuitable conditions air and space artifacts and related archival material, as well as the Museum's restoration and exhibit preparation shops.

The National Air and Space Museum has in its collection
aircraft that are stored outdoors in secure but temporary sites at Dulles and at Davis-Monthan Air Force Base near Tucson, Arizona. Too large to bring to Garber or the Mall, these include the Space Shuttle Enterprise, a C-130, the SR-71, and a Super Constellation. Size also precludes reassembly of a number of aircraft, such as the Enola Gay, currently at Garber, and we cannot accept a 747, or the Concorde that have been promised, because of limited space.

We believe that the best solution to this problem is to develop a facility for the storage, conservation, and exhibition of air and space craft at a major airfield in the Washington, D.C. area. In such a location the extension, like Garber, could be integrated with and administered as part of the existing Museum, while the collection, which is the Museum's core, could be consolidated, curated, documented, and exhibited as a whole.

In September, 1986, we entered into an agreement with the Federal Aviation Administration which at that time had responsibility for Washington Dulles International Airport. The agreement, now administered by the Washington Metropolitan Airports Authority, the successor to the FAA with respect to management and operation of Dulles and National airports, provides the Institution an option, which expires at the end of 1992, to lease land at Dulles for the extension.

As you are aware, over the past year representatives of Denver, Colorado, have expressed interest in seeing the proposed extension established at Stapleton airport. Smithsonian staff and consultants now have examined that possibility, using the same
criteria applied in 1989 to Dulles and to a site at Baltimore Washington International Airport. The essence of our findings is that, while there may be some savings in construction of the initial phase of the project at Denver, together with a facility at Suitland to service the Mall museum, operating costs would soon outstrip those savings. Thus, while we are grateful for the generous spirit that shaped the Denver proposal, we cannot in prudence pursue it.

If the extension were to be at Denver, or anywhere else beyond the Washington area, it would to a considerable degree have to operate as a self-sufficient entity with a staff paralleling the one on the Mall. There would be additional additional requirements to support the administrative and security functions that currently are provided centrally by the Institution, and for the restoration, preservation, and exhibits production activities now available at Garber. We estimate that the annual operating expenses of such an extension would be equal to those of the Museum itself.

A more intangible, but nonetheless crucial consideration, if the extension were located elsewhere, is the splitting of the national collection of airplanes and spacecraft into two or more parts separated by great distance. The division of the collection would create essentially independent components, each less than "national" in their impact and stature. Visitors coming to Washington, confident of seeing the most important parts of the collection in the course of a single trip, would be disappointed. Locating the extension elsewhere would preclude having the history
of World War II aviation displayed in its totality, or, indeed, offering significant representations in transportation and communications technologies since that time.

As I have already suggested, we are fully cognizant of our Nation's fiscal situation, and of the need to minimize impact on the Federal budget. As long as the issue of a site for the extension remains contentious, we cannot proceed with the search for sources of financing that could aid our efforts in that regard. However, if the Regents' decision in favor of Dulles can be accepted, we can proceed with the imaginative program development and facility planning that will enable us to seek and attract other public and private sector support, which with the encouragement of the Regents we have begun to explore, to help meet our obligations for the collection, as well as to complement and, indeed, reduce the need for Federal construction funds.

Over the past ten years, the Smithsonian has moved deliberately and methodically to conceptualize this ambitious project. In that process we came to realize early in 1988 that the Extension could not be merely a storage place for valuable artifacts. It also had to have the capacity to share those artifacts with the public and to describe the effects of the technologies they represent on the evolution of our Nation in the second half of this century. The previously unimaginable strides in commercial aviation, for example, developed to facilitate international trade and travel, have concomitantly broadened our understanding of the cultures, heritage, and aspirations of other
nations, while surveillance satellites, developed for military purposes, now also monitor global threats to our atmosphere and oceans, and the extinction of plants and animals. This increase in expectations has increased requirements for the Extension and for its costs. At the same time, however, it has generated increased interest and support in many quarters, and become the basis for our relationship with the Commonwealth of Virginia. We look forward to describing the project to other committees of Congress as we seek authorization for its design, and to returning to you with a fully articulated plan for its programming, facilities, and funding.

While I believe that the extension of the National Air and Space Museum should be close to the Mall for the reasons cited, that decision should not be viewed as governing future expansion of the Institution. Historically it has been the Regents position, possibly derived from Mr. Smithson's testamentary directive that his property was to be used "to found at Washington ... an establishment for the increase and diffusion of Knowledge ....", that the National Museums under the Institution's authority should be located in the national capital which has become the most important center of national and international visitation in the country. Many of our research activities are located elsewhere, but our public services activities beyond this region have rested heavily on traveling exhibitions, radio, television, publications and other forms of outreach. Although the wholesale transfer of existing facilities seems unlikely, I would not think it unreasonable to adopt a different locational rationale if a
proposal, raising no question of dividing or moving current collections, came along, offering an exciting new opportunity and garnering broad support, not under present circumstances, perhaps, but a decade or more in the future.

In a footnote to our long range construction plan we note the planned acquisition of an Administrative Service Center (ASC). The need for such a facility has evolved through the processes I have described earlier, and a number of funding mechanisms have been explored. It has become clear that the most economical way of creating and financing such a facility, which will replace an outmoded and inefficient structure on which we have a lease through September, 1992, is by working with a developer, obtaining our own mortgage-based financing, and having title pass to the Institution immediately with a thirty-year repayment obligation. We estimate that this approach will save more than $50 million as compared with a conventional thirty-year lease.

The acquisition will be treated as a Trust fund transaction, and a Trust fund cost center will be established to receive and disburse the loan and amortize principal and interest. Funds for doing so will be derived to a significant extent from annual base Federal and Trust lease payments now being directed toward space housing activities that will be moved into the ASC. While there will be some additional need in our Federal Salaries and Expenses Account for amortization and operations, the end result will be Smithsonian ownership of an essential support facility at substantial savings to the Government because of reduced leasing
requirements.

As we have with the Repair and Restoration of Buildings Account, we are within the Construction account seeking to build up to and maintain a base level of funding for alterations and modifications and for construction planning. The A&M account is used to make minor modifications to existing buildings or construct small new buildings (under $1 million in estimated cost) to accommodate programmatic growth and change required to meet Institutional objectives in research, collections management, exhibition, and public services. Recent projects that fall into this category include modifications to conservation laboratory space at the American History Building; attic renovation at the American Art and Portrait Gallery Building; conversion of space formerly occupied by the Air and Space museum cafeteria into more efficient office and research support areas; and construction of additional laboratory modules at the Environmental Research Center.

At the out-year level of $1.5 million the Construction Planning account will enable the Institution to develop specific plans for projects in the ten-year construction program, as well as other expansion projects under consideration. These plans will identify major issues affecting each project, including program needs, spatial ideas, operating logistics and costs, and preliminary construction cost estimates and schedules. The Institution depends upon consistent funding in this category to define its long range expansion requirements and make sound cost estimates prior to authorization and budget requests. All but
three of our bureaus — the Freer and Sackler galleries and the National Museum of African Art — have projects in various stages of the advanced planning for which these funds provide.

In closing, Mr. Chairman, I would again express my thanks for this opportunity to discuss with you the planning and priority-setting processes that we pursue, fully recognizing the fiscal climate that prevails and the difficulties encountered by the Congress in allocating scarce resources. The Fiscal Year 1992 budget request for the Institution that has, I believe, reached you today, reflects those processes and acknowledges those constraints. In it we have endeavored to find appropriate balances between ongoing operations, repairs and restoration of buildings, and construction of new facilities.

As we look farther into the future, there are great uncertainties, as well as major policy issues that will require thorough examination by the staff and the Board of Regents, as well as thoughtful exchanges, such as this today, with the Congress. Among these issues are collections policies, location of facilities, and creative public and private partnerships to provide resources and extend services to meet what will surely be new demands in the new millennium. Each of these is compelling, and must be considered in the context of the mandate of the Smithsonian, as well as of the limits of funding, changing demographics, altered expectations, and the capacity to manage and to be accountable for unique and treasured public resources. I would hope that in our presentation today the Subcommittee will
find confidence in our ability to plan, to move forward expeditiously in achieving the priorities we have set for the decade ahead, and to address the questions of those that are beyond.

Mr. Chairman, I would be glad to respond to your questions and those of other Members of the Subcommittee on these matters or any others pertaining to the Smithsonian that may arise.

Thank you.
ESTABLISHMENT OF PRIORITIES

Mr. Yates. Mr. Adams, take us through the procedures by which priorities are established. In the statement which we just put into the record, you said that your primary—your first priority is the Indian Museum. Your second priority is completing the East Court of Natural History. And your third priority was to complete the re-construction and rehabilitation of the Old Post Office Building.

How do you establish those priorities? What procedures? Who does it? How do you do it? Who considers it? Take us through that, would you?

Mr. Adams. There is quite an extensive and systematic procedure that begins at the level of the Bureau Directors’ meeting—Museum Directors’ meeting with the respective Assistant Secretaries and presenting their own priorities as they see them.

There is a discussion that goes on at that level that is mediated by the Office of Planning and Budget, and by the Assistant Secretary for Administration and Finance. That is an iterative process in which those priorities are sifted against one another and receive discussion by the Management Committee of the Institution and come forward in that fashion.

Mr. Yates. What you are saying is that in the first instance, the heads of your various components state what they consider to be their priorities; in other words, they are going through a budget process?

Mr. Adams. That is right.

Mr. Yates. And they have to make choices as to what they consider the most important things. They set that out in a written document that goes where?

Mr. Adams. It comes forward to the Management Committee, to the senior administration of the Institution.

Mr. Yates. Who makes up the Management Committee?

Mr. Adams. The Assistant Secretaries, the Under Secretary, the Secretary, heads of the councils of bureau and office directors, and a few other senior officers.

Mr. Yates. They get the recommendations from the various component parts of the Smithsonian?

Mr. Adams. Yes.

Mr. Yates. The management group then goes through these requests and some go out, some stay in?

Mr. Adams. Yes.

Mr. Yates. Is there an appellate process for that, or does it then go to the Secretary?

Mr. Adams. Obviously, there are appeals that go on all through the process, even after the process is complete. In the end, they have to be directed to the Under Secretary and the Secretary.

Mr. Yates. You can overrule the Management Committee?

Mr. Adams. Yes.

Mr. Yates. Then who do they go to from you—to the Regents?

Mr. Adams. The Regents do see a budget before it is submitted.

Mr. Yates. Are we talking about the budget or your priorities?

Mr. Adams. The document which embodies our priorities is the document called “Choosing the Future,” of which you have a copy, which lays out for five years, and with regard to capital expenses
for 10 years ahead what our priorities are. That has to be understood, of course, as a document which is fading into the mist as you move toward the longer-term requirements, because those will be affected by contingencies that can't be seen.

But for those that are in the year or two immediately ahead, I think those could constitute firm priorities, yes. [The document "Choosing the Future" is being held in the Committee's files.]

**REGENTS' APPROVAL OF FIVE-YEAR PROSPECTUS**

Mr. Yates. It goes from you to the Regents. Do the Regents ever establish priorities?

Mr. Adams. They do so primarily through their consideration of that document which comes to them first in September of every year in draft form, and then for final approval at their winter meeting which took place yesterday. They see it in draft form in September, and obviously, there is discussion of the document, of what is in it.

Let me say that discussion of priorities isn't only in terms of budget, because also included on the agenda of any regents meeting will be questions that relate to decisions on possible building of a new Air and Space Museum or a new Indian Museum, or whatever it may be.

So, there are also substantive questions that embody priorities that come to them, but the document in which they are assembled in an overall listing is the one you have.

Mr. Yates. This was the list that appeared—the priorities into the 21st century which appeared in "Choosing the Future," a document issued by the Smithsonian Institution, also known as its five-year prospectus for fiscal years 1992 to 1996. What you say you want to continue beyond fiscal year 2000 are these: continuation of the initiatives to develop collections research and storage facilities; removal of the antiquated buildings at the Garber facility when the National Air and Space Museum extension is completed; development of a dedicated presence for African-American programming; construction of a new, expanded facility for the Anacostia Museum; expansion of the Cooper-Hewitt National Museum of Design; provide additional space for collection storage; and support education activities; expansion of the Hirshhorn Museum; continuation of acquisition of land for environmental research at the Smithsonian Environmental Research Center; expansion of the Mathias Laboratory at the Smithsonian Environmental Research Center to meet the increasing need for environmental research; and expansion of the National Museum of National History, West Court, to accommodate increased programming and construction.

Is there in this book a list of priorities for the remainder of this century? This is the one that we have to deal with immediately. First is the American Indian Museum, including Custom House renovation, Suitland collection storage, Mall Museum building for $121 million. That is the cost until the year 2000.

There is also the Air and Space extension for $213 million. Suitland Collection Research Center, $187 million. General Post Office Building, $75 million. Natural History East Court, $30 million.
Tropical Research Institute, $3.6 million. Alterations and modifications, $63.3 million. $14 million for construction planning. A total of $707 million.

As I remember it, that is the sum total not only of your costs for the five-year program, but for the 10-year program. Is my memory right?

Mrs. Turner. Ten years.

ADMINISTRATIVE SERVICE CENTER

Mr. Yates. Now, I have received a letter from Mr. Jameson about the Administrative Service Center. Mr. Jameson doesn’t ask for any appropriations for the construction of his Administrative Center except in connection with the payment of interest.

Do I interpret that correctly, Mr. Jameson?

Mr. Jameson. Mr. Chairman, that would be the payment of the amortization of the mortgage over a period of 30 years which would include basically principal and interest.

Mr. Yates. As an ancillary question, why aren’t you required when you build a new structure of this kind to obtain Congressional approval?

Mrs. Turner. It is essentially a replacement for a present facility, only larger. It is a project that would be handled through the S&E budgets of the Institution. I do not anticipate a large additional requirement of Federal money.

Mr. Yates. It is a $60 million extension. And it raises a number of questions, if I may say so. Why do you do this under a bond and mortgage-based loan rather than through Federal appropriations?

Who decided to do that?

Mr. Adams. It was thought that there was very little chance that this building would receive a high enough priority if it were put in competition directly with the needs of the major bureaus as a Federal appropriation. This is a way of doing it that is highly economical and it is a way that something could get done that needed to be done.

Mr. Yates. Why don’t you do it for Air and Space?

Mr. Adams. By making it an independent cost center, we can direct a stream of income into this that would substantially contribute to its costs.

Mr. Yates. Air and Space, you do have a loan. If I remember correctly, the State of Virginia proposes to make a loan, doesn’t it—

Mr. Adams. That would be part of the cost of building the building itself, yes. They wouldn’t contribute to the operating costs.

Mr. Yates. Which is what you are going through in connection with the Administrative Center as well. You could have done it with a bond issue for Air and Space with the help of Virginia or Stapleton or something else.

Mr. Adams. Well, the scale of the effort is such that I think it clearly would not be a bond issue that could be repaid from any source of income that would flow into that, and the scale of the operation is such that there is no way in which you could undertake a project of that kind without having the Congress directly address the question.
This is, by the way, the precedent, if you wish to call it that, on which the Air and Space restaurant has recently been built. That was done essentially the same way, an expense of doing that is being recovered from the income of the Air and Space restaurant.

Mr. YATES. Not from Federal appropriations?

Mr. ADAMS. No.

Mr. YATES. He proposes Federal appropriations. What happens if there is a default? Is the Federal Government liable?

Mr. ADAMS. I would assume the Smithsonian would be liable.

Mr. YATES. There wouldn’t be liability against the Federal Government?

Mr. JAMESON. The building itself would be collateral against the loan.

Mr. YATES. Is that the only collateral?

Mr. JAMESON. Yes.

Mr. YATES. In order to foreclose that building, they would have to file suit, right, and as they file suit, who are the defendants, just the Smithsonian?

Mr. JAMESON. I can think of no one else. Since we took out the loan, we would be the defendants.

Mr. YATES. There is no liability of any kind against the Federal Government?

Mr. ADAMS. I think the Regents would have to assume full responsibility.

Mr. JAMESON. We should point out that the loan itself and the building itself is the property of the Institution.

Mr. YATES. But the Federal Government is giving you money.

Mr. JAMESON. Through these payments to the cost center, yes.

**IS CONGRESSIONAL AUTHORIZATION NEEDED?**

Mr. YATES. In view of the fact that you rely on the Federal Government to make available certain monies, are you not required then to go to the Congress to obtain authorization?

Mr. JAMESON. My judgment, Mr. Chairman, was by the way we are approaching the execution of the project, we did not need authorization.

Mr. YATES. Is that Mr. Powers’ interpretation, too?

Mr. POWERS. I agree.

Mr. YATES. When do you have to go to Congress to get an authorization?

Mr. JAMESON. Typically we come to the Congress when we have a traditionally funded major construction project and seek an authorization.

Mr. YATES. I would agree with that, traditionally funded. You could have done this through traditional funding as well, could you not?

Mr. JAMESON. Given the prospect of $700 million and competition with other projects—

Mr. YATES. As a matter of financing?

Mr. JAMESON. Yes, sir. But as a practical matter, it did not seem to me that this project would stand much chance in competition. We had the choice continuing the traditional way of leasing space
for 30 years or longer. That was authority that the Congress gave us in connection with the 1991 budget.

The more we learned about the project and the more that we assessed the cost to the Institution of going with a 30-year lease with developer financing, our approach seemed preferable by giving us, in effect, a building owned by the Institution at substantially less cost than a lease.

Mr. Yates. Ten years ago when we had our master hearing on what kind of a creature was the Smithsonian Institution, we just never came to any conclusion. It is a unique institution. It is kind of like the mythological horse, half man, half horse.

But when I asked the GAO, I think at that time, whether there was a dividing line between when they used Federal funds and when they used—when the Smithsonian used Federal funds and when it used its own private funds, the distinction it drew was the use of Federal funds for construction and for minor things, you used your own money.

But this construction—and usually if you want Federal funds, I got the impression that you came to the Federal Government then and asked for permission to undertake—for this undertaking, that would require Federal funds at the inception rather than somewhere along the line.

What you are doing here is, even though the amount of Federal funds that are to be made available are a relatively small amount of the whole, you are not going to get any Federal approval. You are just going to ask the Federal Government for the money you need for amortization; is that correct?

Mr. Powers. The approval of this committee—I think it is another way of saying that because of the particular nature of the Institution, you can save $50 million on this project——

Mr. Yates. It isn't a question of that. The only point I am making is that it seems to me that your arguments have to be made to the Public Works Committee of the House for authority to proceed for the construction of a building that will require Federal payment.

Mr. Powers. The reason for our thinking was that, even if this Committee approves the concept in the sense of saying that we can use the cost center, et cetera, there is no commitment of Federal funds, no promise of future appropriations. It is up to the Committee's discretion in the future whether it chooses to assist with those payments.

Mr. Regula. Mr. Chairman, if I understand this correctly, the Board of Regents would approve the expenditure of $60 million and the obligation of $60 million, without any question, since three-fifths of the budget is Federal and three-fifths of the debt amortization would be Federal money.

Mr. Powers. It would be based on usage of different operations of the Institution, not appropriations.

Mr. Regula. But the money for debt amortization would come out of the operating budget of the Smithsonian, three-fifths of which is Federal money. Any way you slice it, you can move dollars around, but three-fifths of the cost of this amortization will be Federal, yet the building is being approved without Federal involvement.
LEASE AUTHORIZED BY CONGRESS

Mr. Powers. We are contrasting that with authority given last year, which was to lease the building for 30 years, which would definitely commit the appropriated funds for the cost of that lease for 30 years. The result is that the appropriations would cost about $50 million more.

Mr. Yates. Why do you conclude that a lease that required a Federal payment and a substantial one does not require approval?

Mr. Powers. It requires approval by this Committee.

Mr. Yates. Right. But the reason I am raising it is because the Public Works Committee literally raises hell with us if we invade their turf. Whenever we bring your bill to the floor, we have to go through the Rules Committee and explain to them why we have to get a waiver of a rule. At that time, the Public Works Committee will raise an objection, and the question is in doubt, but it is only because of the very persuasive powers of this Committee, we have been able to go through.

Mr. Adams. The Smithsonian will obviously follow whatever instructions you give us in this regard. This was really done in order to save money, as we saw it, but if you feel that it needs to go through the authorization process, we will take that course.

Mr. Yates. One of the reasons I raise this is because, on the question of priorities, this is a priority that isn't on your list.

Mr. Adams. But if you spread it out over 30 years, as we are proposing to do here—

Mr. Yates. It is still a priority. You want it done now. I assume the test of a priority is some function or activity or structure that you want to be created at the present time. This is something you want now.

Mr. Adams. That is correct.

Mr. Yates. You raise one point in your letter, Mr. Jameson. You say, The need for a center was identified in materials to the Congress. Our subsequent letter of August 2 provided a status report on that project and sought 30-year leasing authority, which was provided by the Congress.

Did we give you that?

Mr. Jameson. Yes.

Mr. Yates. How?

Mr. Jameson. By appropriation language.

Mr. Yates. If we gave it to you and the bill went through, okay, that is the authority to lease. Staff tells me the authority we gave you was to undertake a lease.

But now you are going ahead and constructing a building. I don't know how that authority would apply to the construction of a building.

Mr. Jameson. We can still do the lease. We have not completed our negotiations.

Mr. Yates. No. You are misunderstanding me.

I am not telling you what to do. I am telling you, please, if you have Federal expenditures for the construction of a building, whether it be by lease, whether it be by outright negotiations for the construction of the building, or whatever instrument you use, I
think you ought to ask the Congress for permission to use that form.

If I don't caution you, you are going to hear from Public Works, and I think you ought to do it.

What I think is happening—you and I have been here a long time. In the old days, the Smithsonian didn't even think about Congress. This is kind of a carry-over. You remember what President Taft, when he was Chief Justice, said, the Smithsonian is not a Federal agency. He said, it is a private institution, and President Harding didn't agree with him.

Is that right, Mr. Powers?

Mr. Powers. He said it was a private institution under the guardianship of the Congress.

Mr. Yates. Well, he called it a Federal establishment.

At any rate, I think you ought to ask for authority, Mr. Jameson. I hate to stop you in your tracks and require—incidentally, when you go ahead under the proposal, you have to build this under the lease, are you required to observe Davis-Bacon?

Mr. Jameson. I can't answer that, Mr. Chairman. I don't know the answer to that.

Mr. Yates. I would guess—10 years ago, you remember, there were two structures that were in being, two private structures that were in being. You would take Federal appropriations and move them into those two corporations at that time, and you could do with that money what you wanted to do. And the reason you established those corporations to use those Federal funds was because, by establishing them as quasi-private institutions, you wouldn't have to observe Federal regulations when you went forward, right?

I don't know what this is, for the record, when you do that.

Mr. Powers. It was covered in the GAO report—

Mr. Yates. The GAO report said you should do it—they favored doing away with private corporations and the Smithsonian objected strenuously.

What you propose to do under this setup, as I understand it, is almost the same thing. You propose to establish a trust cost center to receive and disburse the loan and amortize the principal and interest offset annually by Federal and trust sources of funds.

Mr. Powers. This is not an operating entity, the cost center. If the mortgage is entered into for 30 years, it will have precise numbers attached and obligations will be known. It will have no function except to receive the money and disburse it in exact amounts.

Mr. Regula. I note for the record that you quoted Mr. Harding.

Mr. Yates. I quoted Mr. Harding because it was—because what he said was in opposition to the statement of another Republican, Chief Justice Taft. So I mentioned two Republicans.

Mr. Regula. The high point of these hearings.

Mr. Yates. I can quote from Adlai Stevenson.

Mr. Regula. In the District of Columbia we have somewhat of a parallel situation, and even though the bulk of their budget is city-generated, the entire budget is subject to the jurisdiction of the D.C. Appropriations Subcommittee, and I think, Mr. Chairman—that there is some parallel here as far as this mixture of public-private funds that we are dealing with on these issues, and that
there is a parallel between what we do in the District of Columbia and the Smithsonian.

Mr. Powers. One thing we have not asked for yet is the taxing power.

Mr. Regula. I want to give you fee power, but you won’t even accept that—admission fees, that is.

NEW CONSTRUCTION VERSUS ONGOING OPERATIONS

Mr. Yates. What do you do about your museum directors who have a 10 percent vacancy in positions because they don’t have enough money to operate? Which is the greater priority? Do you go forward with the Air and Space extension or do you use that money for filling your existing staffs on museums?

Mr. Adams. Mr. Chairman, the way in which I would approach that, the way in which I think the Smithsonian has to approach it, is that the Air and Space extension is a new facility, to be sure, a new initiative, but one that is a direct outgrowth of an existing major museum, the most important and certainly the best-attended museum in the world.

It is an initiative that is directed in the first instance towards preserving the collections that go with that existing museum. And you can make a separation between the extension as a new facility and the ongoing operational interests of the Institution, but in the end, I think it is a somewhat artificial one because capital investment and operating costs are directed toward the same end. And I think one needs to keep that in mind as you consider the needs of protecting the collection.

We have faced particular problems with regard to the Air and Space collection because many of the elements in it are so large and they are also so exposed to the elements if we have to leave them out in the open.

Mr. Yates. Well——

Mr. Adams. That doesn’t require——

Mr. Yates [continuing]. But you have done it twice, not only with Air and Space, but with the Indian museum. The two of them will take about $500 million away, leaving other activities, existing activities of the Smithsonian, gasping for funds.

I must say that the hearing under budget last year was the saddest hearing we had of all those of the Smithsonian, and I see in the new budget a 17 percent increase—16 percent increase in the money available for Smithsonian. Will that go to make up the 10 percent deficiency in jobs?

Mr. Adams. You have to speak to Frank Talbot with regard to how he views his own situation there, and I think perhaps you should. It seems to me that the question that we must always face with the Smithsonian is this mix of national responsibilities and ongoing maintenance and operational responsibilities for the existing plant.

In the case of the Indian Museum, I certainly would not argue that this is an enhancement of an existing collection. This was an attempt by the Institution to step forward with regard to a unique collection. It is thought to be a national resource, and there is no other source of protection for it if we don’t come forward.
I think the spontaneity of support that this received in the Congress is a pretty good indication that our judgment on the matter was widely accepted. I think that was a case of our having to step beyond our existing mode of operations in order to take on a new responsibility that was a public responsibility.

With regard to the Air and Space Museum, you can say that there we are maintaining consistently an initiative that we have been pursuing really for 50 years.

Mr. Yates. Let’s go back to chiselments. Is the Smithsonian chiseling its own people here?

Mr. Adams. I think there is chiseling in that sense involved in every step of the budget process in times that are as difficult as these are. We at the management level at the Smithsonian are obviously having to cut budgetary proposals. I think at the departmental level within museums they are having to cut budgetary proposals, and up the line, to the decisions the Congress makes, those cuts are being made. That is in the nature of the budgeting process, particularly so in times that are as difficult as these.

CONSTRUCTION PRIORITIES

Mr. Yates. You have established three priorities in your statement. One of them is the Natural History Museum. One of them is the new Indian Museum. The third was the Natural Portrait Gallery, which I assume is a priority.

Mr. Adams. The General Post Office.

Mr. Yates. Does that mean that Mr. Kennedy has no priorities? Does that mean that Freer and Sackler have no priorities? Does that mean that Hirshhorn has no priorities? May I ask the directors of those museums if they have any priorities?

Mr. Adams. I don’t think that is a fair way of putting it.

Mr. Yates. Was it John Kennedy who said, life isn’t fair?

Mr. Adams. I think it was Harry Truman. Jimmy Carter, that was it.

Mr. Yates. But the point I am trying to make is, I am trying to find out whether they have priorities. Were Congress’ priorities overruled in stating what the priorities are? Who decides this priority? Is it done—has the decision been made?

You have stated the priorities in your statement.

Mr. Adams. I don’t agree with this formulation. May I offer an alternative?

Mr. Yates. Sure, please.

Mr. Adams. Let me suggest that the way in which I think this should be viewed is closer to my earlier statement that, as you move forward through time, these priorities become increasingly contingent and debatable and uncertain, both in the phasing and in the amount and in the degree of public-private partnership that might be involved in executing them, and in many other ways.

So that the issue of priorities is, I would say, that it is now reasonably fixed, applies to only the current budgetary proposals that are before us and perhaps, to some degree, the one in the year immediately following.

We need to proceed with planning money in the case of the Old General Post Office. We need to proceed with planning money on
the Indian Museum; there is no appropriation sought in the years immediately ahead. With regard to the East Court fill-in, Natural History Museum, this is the first phase of a very long project whose full execution will have multiple components, which may have different priorities and may occur at different times.

So that we are not saying that this is now an enormous lump of expenditure that excludes the possibilities of other museums, but merely that for the current budget in the year ahead, this is the way in which we feel we need to proceed.

Mr. Yates. That is what troubles us. This is a graph of the Smithsonian expenditures and proposed expenditures, growth and operating requirements. It is a 45-degree angle.

Mr. Adams. It would be preferable had we drawn the graph with a base of zero, rather than 200. It gives an impression that is rather unfortunate, but I see your point.

Mr. Yates. You have a 45-degree angle.

Mrs. Turner. When we look at the three priorities in trying to put this together and to take advantage of recognizing where we are, these three projects are now authorized, and so that contributes to where they fall in terms of setting Smithsonian priorities.

Mr. Yates. I think what I am trying to find, Mrs. Turner, is whether there is a line to be drawn.

Mrs. Turner. Yes.

Mr. Yates. The three projects that you find to be authorized are $200 million worth. How much can we give them is what I am trying to find out. I know this causes pain to Mr. Adams every time I mention it because it is the budget process. We have to—we, Mr. Regula and I and the members of the Committee, dedicated and devoted as we are to the Smithsonian, have only a limited amount of money.

NATIONAL AIR AND SPACE EXTENSION

You will have only a limited amount of money. That is why you are using your ingenuity, to try to get other ways of getting money. That is why Mr. Jameson is raising $60 million off on the side without Federal approval or authority, in order to get a building done. If he can do that without coming to the government, I don’t know why you don’t do it for Air and Space and for so many other activities.

Is there a reason for that?

Mr. Adams. Well, that is a good question.

Mr. Yates. Mr. Harwit wants to answer it for you.

Mr. Harwit. To some extent, we are trying to do that at Air and Space. The popularity of the Museum gives us an opportunity to raise funding from industry and from private individuals, but we need to be able to show those potential sponsors what we would like to build and what it will look like, and for that reason, we have come to you for the planning funds. We need to complete the planning process so we can see what, in fact, we could do to save the Federal Government the construction costs.

Mr. Yates. Are you talking about a theme park now?

Mr. Harwit. I am talking about a museum extension, Mr. Chairman.
Mr. Yates. I know that, but another rumor that has come through the Committee is to the effect that you are dealing with Disneyland, among others, industrialists, and the possibility of constructing a theme park like the one that was installed in the Natural History Museum for the—what were the animals—

Mr. Adams. I don’t think that was a theme park.

Mr. Yates. It was a theme of a particular animal.

Mr. Harwit. That is an untrue rumor, Mr. Chairman. What we have done is to investigate whether a financing scheme which is similar to the one that was employed at the EPCOT Center, which was constructed by Disney, would be appropriate to an Air and Space Museum extension.

What attracted us there was that the industry was willing to erect a building that would have appropriate exhibits that would be under the editorial review of Disney or, in our case, would be established by the museum itself. We would only accept the funding if we were given complete freedom to exhibit what we wanted to exhibit, and in the fashion that we wanted to exhibit it.

Mr. Yates. I am not sure I understand that. What would the nature of that building be?

Mr. Harwit. It would be primarily one that would meet our requirements for storage and exhibition, a combination, and which from the industry’s point of view would provide for name association most likely so that the sponsor—

Mr. Yates. You mean like the Freer Gallery, you would call that building the Disney Building; is that what you have in mind?

Mr. Harwit. We didn’t approach the Disney people and would not.

Mr. Yates. Or Phillip Morris——

Mr. Harwit. If it were IBM, we might consider it, but I think the Regents would have to decide which industries were appropriate, and I think that certain aerospace industries would qualify.

Mr. Adams. Part of being entrepreneurial in these times involves asking questions informally which carry with them no official significance. It isn’t that the discussions that Martin and his people have been carrying on represent an initiative of the Smithsonian itself. They represent an effort on our part to see what the possibilities are that are out there, and I don’t think that you should assume that we were at the point of making an official commitment to move at this time.

Mr. Yates. I have seen these movements before, of course, with Joe Hirshhorn for the Hirshhorn Building, and the initiative to Sackler with the Sackler Building, and I guess way back when to Mr. Freer with the Freer Building. They had their collections and a deal was made.

Here, just using IBM as an example, if they want to put up the money to build the building, I don’t think Congress would object to that if that is what you are talking about.

Mr. Harwit. That is what we are talking about.

Mr. Yates. It isn’t a theme park, then.

Mr. Harwit. No.

Mr. Yates. What do they get out of it other than recognition of the name?

Mr. Harwit. That is enough for many big corporations.
Mr. Yates. Does IBM want to do it?
Mr. Harwit. We haven't approached them.
Mr. Yates. Is it a secret—are you bound not to tell us who you are doing it with?
Mr. Harwit. I would rather not.
Mr. Adams. He hasn't told me.
Mr. Harwit. I think the distinction between a theme park and a museum is that a museum's primary purpose is teaching rather than amusement, although a certain amount of interest arising from amusement pervades our exhibits in any case.
Mr. Yates. Take Nintendo, for example, it has a lot of scientific expertise attached to it. I could see that. Does that mean you are going to get the entire $362 million from IBM?
Mr. Harwit. We certainly wouldn't get all of the money from one corporation. I think that is too much to expect. On the other hand, you can have my assurance that I will try to save you as much money as I possibly could.
Mr. Yates. You aren't going to tell us that part of your discussions with Japan includes financing that building?
Mr. Harwit. No.
Mr. Yates. I wondered whether they are moving into Smithsonian as they did into the Park Service.
Mr. Regula.

OPERATING EXPENSES

Mr. Regula. I will ask whether this plan includes any private assistance on operating expenses because in the long haul operating expenses become far greater than capital.
Mr. Harwit. None of the discussions we have had to date have included operating expenses. Usually you find that philanthropists don't like to be tied down over any length of time. They are willing to give you a one-time commitment for a particular project, but they don't want it to stretch out into perpetuity.
Mr. Regula. What do you estimate the annual cost to operate this facility would be?
Mr. Harwit. We have a chart here. It depends very much on the site that you are choosing. If you were operating at Dulles or at BWI or any other site in the vicinity of Washington, D.C., the total annual costs would be about $9.5 million.

If you were at a remote site like Denver, for example, but generically any other remote site, it would be $16.5 million a year. The difference comes in because if we want to have a genuine museum with Smithsonian aspirations, that means the museum has to have its own curators and funds for its own personnel and audit supervision, and so the number of people that have to be assigned—I have another chart that shows line item by line item the detailed distribution of personnel that we anticipate almost twice the work force that a museum would require if it were in the Washington, D.C. area. So, you are talking very much about a site-specific situation. Here are the staffing costs that we currently have on the mall, staffing costs at Dulles, staffing costs at Denver, and the staffing numbers.
You find that you need about 144 additional people at Denver as compared to 65 in a nearby—for example, Dulles or BWI facility. So, the costs of running those are quite different. But they range from—

Mr. Adams. I think there is one other element to be mentioned, however, that at Dulles, there would be a source of income in the form of parking income and theater features, and that would not be anticipated at Denver.

Mr. Regula. Would you consider an entrance fee for a facility of this type, given the fact that you are not going to have indigent people making the trip to Dulles?

Mr. Adams. You are raising a larger question, and I don’t know that we want to deal with it only with regard to the Dulles facility if one were built. I will be happy to take up the question of entrance fees for the Smithsonian as a whole.

Mr. Regula. Do you have an estimate of the number of visitations?

Mr. Harwit. Two million people a year. That estimate came about on the assumption that there would be no entrance fee.

Mr. Yates. Mr. Harwit, I don’t want to get into the question of Dulles or Stapleton. That is the subject for another hearing. The question of financing is something else. Will you yield for a question?

Mr. Regula. I yield back my time.

Mr. Yates. Why did you suddenly decide, and it was rather sudden—why did the Smithsonian suddenly decide that you wanted a full-blown museum out there? For years, it appeared that all you wanted was a structure to replace Garber, and that that could be done by the expenditure, I think the first estimate was $48 million, and then I think that Mr. David Challinor testified that it could be done for about 70 or $80 million with four or five different buildings.

All of a sudden, you are up to $363 million, a full-blown additional museum, which it seems to me could just as well be built anywhere in the country. It is a whole new museum in concept, isn’t it?

Mr. Harwit. You have raised several points. You are talking about a development that took place over a period of 10 years. We first started with my predecessors looking at the needs of the museum at that time. At that time, we had storage needs primarily, and we started looking at what those were, and we felt we needed something like 300,000 square feet in order to meet those.

Mr. Yates. Let me interrupt. The big thrust of why you need to go somewhere is that you do need storage. It has been represented you want to find a place for the Enola Gay, a place for the Enterprise. You want to store them. You have two or three other objects.

If that is all you want, why don’t you just build something like the Garber?

Mr. Harwit. It has to do with the financing aspects and with the availability of sites. You can probably bet your bottom dollar that Denver would not want us out there if we just wanted to have a place where we would tuck away all the airplanes and nobody would ever see them.
The generous offers that have been made to us by the various localities that are offering us valuable land on operating airports—for example, as in the case of BWI—were made because the localities thought that their public education would be well served by the availability of the museum, and in some cases that tourism would also grow in response to that.

So, the support that we have obtained—a partial reason for the growth in the requirements—is that the emphasis has shifted in part to exhibitions.

Mr. Yates. But, Doctor, you wouldn't need such generous offers if you weren't building such a generous facility.

Mr. Harwit. We would still need a facility at an airport. Not just a place where we store things. After all, the primary mission of the Smithsonian is to expand people's knowledge, and for us to just store away large airplanes and spacecraft where they would never be seen by anybody would not contribute to that thrust at all.

**SIMPLE PROTECTION OR INCREASE AND DIFFUSION OF KNOWLEDGE**

Mr. Adams. It seems to me that we are now coming to one of the areas of difficulty which I hope this hearing can help to clarify for us, and in fact, for the Congress and the public. We have, as you have indicated, this charter concern, the increase and diffusion of knowledge, and that would indeed point us toward not simply placing some of the great objects in our collection like the Enterprise and the Enola Gay and the SR-71 in a hangar, and preventing the public from seeing them, but would dictate that sooner or later we place them in a setting where they can make a major contribution to exhibits that are informative to the public.

At the same time, we do have an obligation to protect our collection. We are faced with a choice, and therefore, this Appropriations Subcommittee is faced with a choice as it thinks about our future of adapting to the existing circumstances of the general Federal budget and either saying for now, you are going to have to forgo that increase and diffusion purpose of yours and simply protect the collection with the objective eventually of finding a way to incorporate those in a larger construction of some kind, or that we ought to begin, and we hope we can find the money to do it.

In effect, that is the uncertainty that we are trying to grapple with as we put together our budget. What is essential, as I see it, is that we protect our collection. We may be driven to do nothing else for a period of time, which points us toward something, more on the order of the 40 or the 70 or the $80 million operation that was anticipated eight or 10 years ago.

Ultimately, when the budgetary circumstances permit, we do expect, I would say it was a priority, but not within that same sense of time urgency, to move these into a context where they become part of an exhibition.

Mr. Yates. Why couldn't you make the same argument for each of your museums? Suppose your art museums wanted to show the continuity of the impressionist movement, they just don't have the space, so do you build a new building in order to do it? That argument seems to me to be applicable as well to every museum you have.
Mr. Adams. I am sure it is. It is made more compelling in the case of a collection area where these objects are so large.

Mr. Yates. We are talking priorities now. Does each of your museums now have adequate space for the collections that it has? I know, for example, that the Portrait Gallery doesn’t have, because you are adding the Old Post Office Building to its space.

Mr. Adams. That is right.

Mr. Yates. Does Hirshhorn have adequate space for its collection?

Mr. Adams. It is expected to be adding more.

Mr. Yates. Where will it do it?

Mr. Adams. That is a very good question.

MANAGEMENT STUDY

Mr. Yates. Are you going to take care of Mr. Harwit’s Air and Space Museum, by letting him go either to Dulles or BWI or Stapleton, which it seems to me he could do equally well anywhere, because he has a whole new museum, not just a storage shed. I will read from the Secretary’s report on the proceedings of the Board of Regents for May 7, 1990.

The Secretary brought the Regents up to date on planning for a management study of the Institution. He noted two management professionals have been talking and planning with selected Smithsonian officials and members of the Regents.

The central issues to be explored are exemplified in internal criticism, the quality of certain central support services, the setting of priorities and the distribution of resources. Whatever happened to that report? That was a year ago.

Mr. Adams. There was no formal report. There were consultations.

Mr. Yates. Then this takes us back again, I forget what year it was, when there was supposed to be a statement of policy approved by the Regents. That has never been forthcoming, either, a statement of its policies and priorities.

What happened is that the Smithsonian has really not desired to formalize its procedures with respect to the establishment of priorities. And this bears on what you said a few minutes ago.

Mr. Adams. I would suggest that we have, in fact, moved over time and more particularly, in the last few years, toward formalizing them. I think it is a process. I think the “Choosing the Future” document is a step toward making those much clearer, and I think that if you look at the way in which that document has been put together, and the consideration that has gone into it, each iteration has made that more effective.

FY 1992 BUDGET

Mr. Yates. Mr. Adams reported on the recent Smithsonian hearing, where it became clear to Chairman Yates the fiscal year 1991 budget request leaves the Institution as much as $10 million short of the minimum level of operations, after which only the most crippling reductions could be made.

While this matter is still necessarily fluid and subject to further discussion, it is apparent that fiscal year 1992 will be even leaner—
is that true? Is 1992 even leaner in view of the increase you have received from OMB?

Mr. ADAMS. I think we were expecting to be cut at that point.

Mr. YATES. So, you are not going to be lean this year?

Mr. ADAMS. The difference is not fat and lean, but degree of muscle that lies somewhere in between. I don’t think that we are——

Mr. YATES. Let’s say adequate and inadequate. Which is it?

Mr. ADAMS. I think we are much more nearly adequate than we then anticipated.

Mr. YATES. When our good friends the Museum Directors, come in to testify, will they be as sad as they were last year, or will they be joyous?

Mr. ADAMS. I am not sure that it would be wise for me to speculate.

Mr. YATES. Will Mr. Kennedy come in with another essay on chiselment?

Mr. KENNEDY. Yes.

Mr. REGULA. Mr. Chairman, I think a note of caution, of course, is that this reflects the Administration’s priorities, but not necessarily this Subcommittee’s, because we will be dealing with a capped amount, and we will have a lot of competing needs that maybe are not covered in the President’s budget.

So, I don’t know that the budget is cast in stone, given the difficulty we have in meeting all the priority choices in a lot of different areas.

Mr. YATES. Well, that is an unhappy note you are throwing in here.

Mr. REGULA. Well, it is a note of caution.

Mr. ADAMS. I think we are aware of that.

NASM EXTENSION PLANS

Mr. HARWIT. Could I add something? You asked about why we had the expansion and why we wanted to be showing the public these airplanes and spacecraft. You may remember a meeting Mr. Adams and I had with you on January 4, 1988, where we came and spoke with you about the future of the extension, and we pointed out to you that——

Mr. YATES. The future of space actually, too.

Mr. HARWIT. That we should be talking about the airplanes and spacecraft in terms of the social impact that they had on the United States during the second half of the century, and how the spacecraft, the satellites that had been developed initially for military purposes in the Cold War were now allowing us to deal with environmental problems problems, and to show people these connections which have really driven and been brought about by the history of this country since the end of World War II.

I feel that that history is written more strongly in those artifacts than probably in almost anything else that one would be able to produce. If you look at what is going on, for example, in the Gulf today, where we have 500,000 people, roughly a population comparable to the City of Washington, and you look at the fact that after 20 days of fighting primarily through airplanes, spacecraft, surveil-
lance, the ballistic missiles that have been used, the antiballistic missiles that have been used, and the expenditure of $1 billion a day, we have lost exactly 12 people in combat, which is less than the number of people who would have been murdered on the streets of Washington—a city with the same population.

We have used technology in this country as a way of saving lives, and we look for technological solutions in this country, in this second half of the 20th century, as solutions to national and international problems in a way that has never had any parallel in history anywhere else in the world.

I think if you want to portray that history of this country in this century to future generations, you will have to go to those artifacts that the Air and Space Museum has under its care, and you will have to preserve them and be able to exhibit them for people.

We are talking about whether we are going to be able to do that, to show future generations what we did this time around. We have heard that those who disregard history are doomed to repeat its failures. If we thwart preservation of that history, we are dooming our grandchildren to this fate.

We would inflict that on future generations. That is the bigger picture.

Mr. Yates. That is a big priority, but you have to compare them with other priorities for the Smithsonian, you have to compare that with the Zoo Director's Zoo. He has a beautiful plan that he wants to finish up and even expand. So, I don't know whether it is more important to move into space or to live with primates. It is a very difficult question.

STORAGE NEEDS

Mr. Adams. Mr. Chairman, I should point out that your concern, which is, I think, very well-placed for the storage problems of essentially all of our museums, is indeed addressed in our long-range construction plans.

You will find there is more than $150 million projected as an expenditure in enlarging the Suitland storage center in order to meet some of those. I think we are well aware that those needs need to be met.

The phasing of these needs has not been worked out.

Mr. Yates. Mr. Regula?

Mr. Regula. Mr. Adams, do you annually or periodically review your storage items to see what can be cast aside as we have to do in our homes when the attic gets full? It seems to me that you must get an enormous accumulation, and there is a tendency to put more in the attic and build a bigger attic.

Is there an ongoing review to say, is this item really worth saving as relates to some other item?

Mr. Adams. I have always been uncomfortable with the metaphor of the attic, and particularly so when the attic, with a physical size limitation, is made the criterion of judgment for what ought to be in museum collections.

Mr. Regula. I would rather phrase it not as much as size, but as a cost limitation.
Mr. Adams. We certainly do consider that in those collections, and there is no intention to hold out. The problem is that the focuses of interest are continually shifting, and in ways that can't be predicted, and if one were to eliminate whole categories of collections, the likelihood is that the generations that follow will condemn us for having done so.

Perhaps the example that is most reflective of our willingness to consider reducing as well as adding to collections is the Hirshhorn Museum, which is devoted, of course, to contemporary art and has been quite rigorous, therefore, in de-acquisitioning materials which it no longer regards as necessary for its purpose. That is the way in which they acquired the funds to allow them to continue to collect.

Where it is appropriate, that policy is being followed, but in many areas, it is very difficult to follow, and in some, I think it would be highly disruptive for example, in natural history.

Mr. Regula. I note in a letter from you that you mention a master plan for future acquisitions and de-acquisitions, so you have obviously thought about this. This happens to apply to Air and Space, but I am sure it is true of all acquisitions.

DISCONTINUED ACTIVITIES

Mr. Yates. On page VI, in Choosing the Future, the Secretary says, "Can we responsibly ignore the changing scope and shape of this challenge and merely continue with activities designed to meet earlier appraisals that are now obsolete?"

That raises a question in my mind. Do you have early appraisals that are now obsolete, and what have you gotten rid of?

Mr. Adams. You are speaking of objects, not activities?

Mr. Yates. Anything that you have found to be obsolete.

Mr. Adams. You may recall an exercise we went through some years ago with regard to the Rockville Laboratory of Radiobiology, which we did close, and it was with funds obtained from having closed that, that we were able to begin to move into the field of molecular biology and its application to systematics, which seems to me to be an important thing to do.

That is the largest example.

Mr. Yates. Mr. Atkins?

LOCATION OF SMITHSONIAN ACTIVITIES

Mr. Atkins. Mr. Chairman, I have been listening to the testimony, and previous to that, reading the documents that attempt to lay out the mission for the Smithsonian, and I am afraid that the more I read and the more I see, the more confused I become about what the mission is, and what the priorities are.

I would like to reference you to the issue of your expansions. There seem to be, either on your priority list or waiting in the wings some place, about to happen shortly, a number of major expansions.

There clearly isn't the space on the Mall for those expansions, and I have never seen clearly articulated whether the Smithsonian intends to keep your activities as closely geographically connected to the Mall as you are able, with the exception of things like the Cooper-Hewitt or the Custom House site for the Indian Museum,
where they are virtually pried against your will because of the nature of a collection or some other dynamic out of the geographic vicinity of the Mall, or is there some plan or intention to truly be a national museum in scope in terms of being available to people outside of the Greater Washington area?

In reference to that, I looked at the accounting that you did earlier on the location for the extension of the Air and Space, and it seems to me that what has happened is a decision was made about particular location, and then accounting has been done to assure that no other location is even considered rather than some kind of open competition to look at where the lowest-cost place would be to locate these facilities.

I am wondering if you would care to comment on that?

Mr. Adams. I would love to comment, because it is a question I had hoped someone would raise. I have shared with the chairman a column in the Smithsonian Magazine, which will appear at the beginning of March, which attempts to open up precisely the question you ask.

I don’t regard it as one that will be immediately answered. I think that the arguments are least compelling for opening up the range of the Smithsonian’s museums when you speak of dividing collections which are here.

As Mr. Harwit explained earlier, there are many costs of duplicating staffs that make that a particularly difficult thing to do, but I have no doubt that over time, the Smithsonian will indeed move out in the directions of certainly the continental United States.

So that I am very much with you in that regard. Perhaps if I could request, Mr. Chairman, that that column be inserted in the record.

[The information follows:]
A population drift to the South as to the Northeast or the West. But at the same time, there is an outflow of people to the East Coast, the Midwest, and to the West Coast, particularly to California. The recent population movements have been significant in many respects. The population of the United States has been increasing, but the rate of increase has been slowing down. The population growth has been concentrated in the South, the West, and the Pacific Coast states.

The Smithsonian Institution's role in the current situation is to foster the development of museums and cultural institutions across the country. The Smithsonian's Board of Regents, through its National Museum Board, has been working to establish new museums and centers for the study of American culture and history. In addition, the Smithsonian has been involved in the development of educational programs and exhibits that promote the understanding of American history and culture.

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The Smithsonian has also been involved in the development of new museums and centers for the study of American culture and history. In addition, the Smithsonian has been involved in the development of educational programs and exhibits that promote the understanding of American history and culture.
Mr. Yates. Yes. I want to point out that I think it was 1980, Logan Airport in Boston was interested in getting the extension of the Air and Space Museum, and I think the Regents at that time said it was too far away, and they turned it down.

Mr. Adams. Let me continue, however. It seems to me that in the latter part of your question, you touched on some general comments that the Chairman made in his introduction, wondering whether the Smithsonian was in a position, its Board of Regents was in a position, to set the terms of reference as to where the museum might appear, for example; or whether—where the line lay, the dividing line lay between the powers of the Board of Regents and the powers of the Congress.

I don't think the Regents have ever been in any doubt that Congress, since it controls the purse strings, has a voice which can be as decisive as it chooses to make it with regard to those questions.

Mr. Yates. This has been an evolutionary process. There was a time when I first came on this Committee that the Smithsonian really resented Congressional interference; it had its six Congressional members who by and large did not interfere with the Smithsonian's operations, and when Congress tried to move in there, it was told it was a private institution.

Hence, the hearing we had in 1977 to try to find out why Congress, which provided about $200 million for the Smithsonian's budget, wasn't entitled to say something about the operation of the Smithsonian.

Mr. Adams. The Smithsonian was nowhere within my own field of view in 1977.

SITE SELECTION FOR EXTENSION

Mr. Harwit. Let me respond to Mr. Atkins, that we might have concluded what we want to conclude about the location of the extension and then cooked up the figures, so to speak, to justify our conclusions. That was not the case.

We all realize that there is an economy of scale when you have an extension which can be served by the same staff as the downtown museum on the Mall, and where you don't have to have a lot of additional staff as you would in a free-standing, remote location, a free-standing museum at a remote location.

The figures simply reflect that circumstance. It is rather simple to justify. I could go down the whole list with you and we could insert it in the record, if you would like.

Mr. Atkins. I am sure that you could go through that explanation, but given the size and the magnitude of the extension, to tell us that there are 70 or so, by my count, employees who will be able to do work at the extension that would take full-time jobs were they located at Stapleton raises a troubling question about what those people are that they have so much excess capacity and excess productivity. I find that rather remarkable, to say the least.

But without getting locked into the details of your staffing of the extension, it occurs to me, if you just look at the process, that the process was one of the Smithsonian selecting a site rather than an open process of looking at the most cost-effective place to locate it, and what community would offer the most attractive package.
It was rather a closed deal from the beginning.

Mr. Harwit. Not at all. We looked at every single place within an hour's driving distance from Washington——

Mr. Atkins. If I might interrupt, if you are outside of an hour's drive of Washington, that constitutes a closed deal.

Mr. Harwit. There were a good half-dozen or a dozen airfields that were looked at over the years.

Mr. Adams. Mr. Atkins, it is a legitimate purpose of the Congress to consider the distribution of the benefits that I believe the Smithsonian offers, and it seems to me that the Congress, in its wisdom, could choose to say that the——

Mr. Yates. Could choose Logan Airport.

Mr. Adams.—to say that any of our activities really ought to be made available on a geographically more equitable basis. And that is a policy decision that I don't think the Regents would ever question the right of the Congress to make.

Mr. Yates. Really?

Mr. Adams. I don't think so. Assuming that it would be made——

Mr. Yates. Take that up with Mr. Powers. He is biting his fingernails.

Mr. Atkins. Mr. Chairman, I think his fingernails may have already been bitten off, and he is down to the flesh.

Mr. Yates. You have really introduced the GAO report, and I would like the GAO witnesses to come forward.

Mr. Regula. Will you yield? The fundamental question is whether it goes anywhere.

Mr. Yates. That is the reason for this hearing as to whether it goes anywhere. If it goes somewhere, it need not necessarily be within—how many miles of Washington?

Mr. Adams. An hour's drive of Washington.

Mr. Yates. But that is step two.

Mr. Regula. Also if you are going to build it, there are certain features that you ought to do. GAO, wherever you are——

Mr. Atkins. If I may, prior to—I appreciate, Mr. Secretary, your view of the role of Congress in these siting decisions, but it occurs to me that from what you have said, and the practice so far with the Air and Space, and looking at the extension, you have said that you would be open to locations outside of metropolitan Washington, except in instances where it involved dividing the collection.

In light of the fact that your collections will be so extensive that they include most areas where there are artifacts and most areas of human endeavor explorations, that would include almost any possible extension or new facility that anybody might dream up.

Mr. Adams. Mr. Atkins, I wasn't making as sharp a distinction as you indicate. It seems to me that the division of collections is a consideration to be kept in mind. I am not saying that it is one that would exclude the question from being asked as to whether a collection should be divided.

It weighs on the side of maintaining a collection here, if that is where the bulk of it is located, but I don't think that needs to be excluded. Congress is in a position to say, if we are talking about what will become a $300 million investment over a period of 20 or 25 years, whatever it takes, that this is so large that they would
like to have the Smithsonian prepare an alternative plan and let the Congress consider what the alternatives are.

We see that as having pronounced negative considerations, but that is not a judgment that the Smithsonian can make by itself. It needs Congressional support and appropriations.
Tuesday, February 5, 1991.

GENERAL ACCOUNTING OFFICE ON THE SMITHSONIAN INSTITUTION

WITNESSES

L. NYE STEVENS, DIRECTOR, GOVERNMENT BUSINESS OPERATIONS ISSUES
JOHN S. BALDWIN, SR., ASSISTANT DIRECTOR
THOMAS BEALL, EVALUATOR-IN-CHARGE

GAO'S REVIEW OF SITE SELECTION PROCESS

Mr. Yates. We have with us the representatives of the GAO, who are Mr. L. Nye Stevens, Director of Government Business Operations Issues; John S. Baldwin, Sr., Assistant Director; and Thomas Beall, Evaluator-in-Charge. The Committee asked them to address the Smithsonian's selection process, which was the burden of your question.

They have addressed it. Mr. Stevens has a statement that may go into the record at this point, and what we have is an abstract of Mr. Stevens' testimony.

Mr. Stevens, would you like to summarize your testimony for us?

Mr. Stevens. I would be glad to. Let me take perhaps three minutes, because Mr. Atkins has raised a number of considerations that were in our mind.

We have presented an alternative way of making a site selection decision that is a more competitive one than I believe the Smithsonian has engaged in. There is no current requirement that site selection be on a competitive basis, either for the Smithsonian or for Federal agencies to whom we are also making comparable recommendations in a report on Federal location policy.

Our review of the process that the Smithsonian went through—I think in a number of ways it deviated from a more business-like practice. The requirements for the extension have never been—they have been progressively developed, but priorities have never really been set among them.

For instance, cost is a criterion, but there is no indication as to the extent cost may be outweighed by other criteria. There has been no public announcement or solicitation of entities interested in meeting what the Smithsonian's requirements have been or are, except that facilities identified within the Washington geographic area have indeed been looked at over the years, and I don't think they missed any of those.

We have some problems with the thoroughness of the analysis of the current offers, which have come really at the intervention of Members of Congress, somewhat piecemeal over the years. For instance, there is some inconsistency, such as regarding the land at
the Dulles site as a noncost item, where indeed it should be a cost item.

A number of other objections are in our prepared statement, Mr. Chairman. We will respond to any questions you have on it.

[The information follows:]
For Release
on Delivery
Expected at
10:00 a.m.
Tuesday
February 5, 1991

National Air and Space Museum Extension
Site Selection Process

Statement of
L. Nye Stevens, Director
Government Business Operations Issues
General Government Division

Before the
Subcommittee on Interior and Related Agencies
Committee on Appropriations
House of Representatives
In the early 1980s, the Smithsonian Institution began looking for a site on which to build an extension to its National Air and Space Museum to house its growing collection of aircraft. As early as 1983, after considering several sites, the Smithsonian chose Dulles International Airport as its preferred site. In 1988, the site selection process was reopened after the newly elected Governor of Maryland expressed an interest in locating the facility at the Baltimore-Washington International Airport (BWI). In 1990, the City of Denver submitted an unsolicited proposal to locate the extension at Stapleton International Airport.

GAO reviewed the Smithsonian's site selection process to determine whether it followed a systematic, businesslike approach to identify the most cost-effective site that meets its needs under potentially competitive circumstances. As agreed with the Subcommittee, GAO did not verify the cost estimates prepared by the Smithsonian or the jurisdictions submitting site proposals or attempt to identify the most cost-effective site for the Smithsonian's needs.

The Smithsonian's site selection process has not been systematic, open, or cost-conscious enough to assure that the most cost-effective site has been selected. The Smithsonian has not ranked its requirements or distinguished between essential and desirable attributes. Since the Smithsonian has never publicly announced its needs, it has no assurance that the three current offers include all potentially competitive sites. For example, the Smithsonian might have received other offers with attractive incentives had the requirement that the Extension be within an hour's travel time from the Museum been considered on the basis of costs versus benefits.

Moreover, the Smithsonian's analysis of the three alternatives has been incomplete. For example, the Smithsonian has not compared the costs of financing the three proposals over their life cycles and it has not deducted anticipated concessions revenues from gross operating costs. The value of the land at Dulles has not been considered a cost even though it has alternative uses and considerable market value. The decision to select Dulles cannot yet be objectively defended as offering the best value of the three sites, though it may turn out to do so.

GAO believes the Smithsonian should reopen its selection decision and use a more systematic and competitive process to better assure that it and the government get the best value for their investment.
Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to comment on the process followed by the Smithsonian Institution to select a site for an Extension to the National Air and Space Museum. The Smithsonian is not required to follow formal competitive procedures in site selection. Thus, as agreed with the Subcommittee last month, we focused our work on whether the Smithsonian's site selection process followed a systematic approach to identify the most cost-effective site. We concentrated our efforts on the Smithsonian's (1) development of its requirements for the museum extension, (2) identification of suitable locations for the Extension and efforts to communicate requirements to parties with a potential interest in fulfilling them, and (3) evaluation of site proposals and factors used to select the site. We did not attempt to (1) verify the cost estimates prepared by the Smithsonian or the jurisdictions submitting site proposals or (2) identify the most cost-effective site for the Smithsonian's needs.

Mr. Chairman, our review of these areas shows, in general, that the Smithsonian did not systematically follow the procedures or practices that are associated with a consistent and businesslike approach to siting and developing a facility under potentially competitive circumstances. As background, let me begin with a brief historical overview of the process followed by the Smithsonian.
HISTORICAL OVERVIEW OF SMITHSONIAN'S PROCESS

In 1964 congressional hearings concerning legislation to authorize constructing the National Air and Space Museum, Smithsonian officials testified that the proposed location on the Mall would provide excellent flexibility and that there would be no need for future expansion. They said that aircraft not in the Museum would be kept in a storage depot that would serve as a reservoir from which special exhibits would be drawn from time to time. Since the mid 1950s, the Paul E. Garber Facility\(^1\) in Suitland, Maryland, has served as the Smithsonian's primary storage depot. However, as the number and size of air and space vehicles in its collection grew, the Smithsonian began to search for a new storage site.

In the early 1980s, the Smithsonian began its search for a facility to store large aircraft that could not be transported to the Air and Space Museum or the Garber Facility. Between 1981 and 1985, Smithsonian representatives identified and evaluated nine sites, including Baltimore-Washington International Airport (BWI) and Dulles International Airport. The Smithsonian chose Dulles as its preferred site in 1983 and reaffirmed this choice in 1985. In 1986, the Smithsonian signed an option to lease land at Dulles

\(^1\)The principal roles of the Garber facility are the preservation, restoration, and storage of air and space artifacts. It has archival collections and provides exhibit production services. The buildings at the facility are generally overcrowded with substandard environmental conditions. The facility is not near an airport. Artifacts are transported between the National Air and Space Museum or Garber by truck.
owned by the Federal Aviation Administration.

In 1988, the Smithsonian reopened the selection process after the newly elected Governor of Maryland expressed interest in having the Extension located at BWI. In the following year, Denver also expressed interest in using Stapleton International Airport, scheduled to be replaced by a new airport in 1993, as a site for the Extension. In December 1989, both Maryland and Virginia submitted final proposals to the Smithsonian. In January 1990, Denver submitted a proposal. Later that month, the Smithsonian reaffirmed Dulles as the preferred site. The Smithsonian is currently reconsidering the Denver proposal in response to congressional concerns about the estimated cost of the Extension.

Since 1988, the Smithsonian has obtained limited competition in its site selection process and has received monetary incentives from the three current offerors. These incentives variously include a direct $10 million contribution toward construction costs, a commitment to provide $40 million of site improvements, and a commitment to secure $65 million to retire bonds.

Mr. Chairman, let me now relate the process the Smithsonian followed to what we believe are defensible, businesslike principles that should characterize a site selection process involving federal funds for design and construction. My comments are consistent with
a report we recently issued on federal location policy. I would like to reiterate that the Smithsonian is not required to follow formal competitive procedures in site selection.

DETERMINATION OF REQUIREMENTS

The required size and scope of the Extension, and consequently its expected cost, have progressively grown over the past decade. Throughout this period, the Smithsonian has not consistently delineated the relative importance of its various and growing needs. One of the Smithsonian's key requirements—the need for the Extension to be proximately located to other Smithsonian facilities—has been used in the past to reject remote sites from consideration. We believe that, to enhance competition, the proximity criterion should not be evaluated absolutely, but rather from a cost-benefit viewpoint, as is currently and belatedly being done for the Denver proposal.

According to early 1980s Smithsonian documents, the Museum needed an industrial-type storage facility on a local airfield. The facility was to be located next to an active airfield with sufficient runway length to accommodate the transportation of large aircraft. It was to be within 1 hour travel time from the Washington area so that staff from Air and Space Museum and Garber

could also work at the Extension. In 1983, facility plans to meet these requirements called for the construction of four hangar-type buildings at an estimated cost of $12 million each. By the mid-1980s, the facility was to also house the operations at Garber. The Smithsonian anticipated providing a limited display capability for the artifacts.

Throughout the 1980s, the Smithsonian's requirements and estimated costs progressively grew. In 1985, the consulting firm of Dewberry and Davis prepared for the Smithsonian a concept study for an initial phase of a Dulles facility. Expanding on this study, the Smithsonian estimated the facility to cost $99 million in 1986. In 1988, another consultant for the Smithsonian--Skidmore, Owings, and Merrill--further developed the concept for a facility. By 1989, the requirements grew to the current, detailed specifications contained in a third Smithsonian consultant's study--the Hellmuth, Obata, and Kassabaum (HOK) Report. This report estimated the cost to be about $355 million, not including land.

Over this period, the size estimates for the needed facility grew from 300,000 square feet to 1.5 million square feet. These space requirements grew, in part, as the Smithsonian acquired artifacts such as the Space Shuttle and other large aircraft. But requirements also grew because plans for the Extension included, among other things, more exhibit and visitor support capabilities such as a theatre, restaurant, and museum shop; a more substantial
educational role to fulfill, by establishing what the Smithsonian refers to as a "Museum Extension with a Global View;"\(^3\) and the provision of expansion space for other Smithsonian bureaus.

The Smithsonian's current requirements range from specifications that clearly address critical needs, such as the overcrowded storage facilities at Garber, to items that are not critical to the Extension, such as providing expansion space for other Smithsonian bureaus.

Over the course of the site selection process, the Smithsonian has provided only limited and sporadic delineation between essential or critical requirements and those that could be considered optional or desirable. Essential requirements and desirable attributes were specified under each of 11 criteria HOK used in comparing the Maryland and Virginia proposals in 1989.\(^4\) However, there was no ranking or delineation as to which of the 11 criteria were more or less important. For example, cost was one of the 11 criteria, but its importance relative to the other criteria was not specified. As a result, it is uncertain whether less costly alternatives that

\(^3\)According to the Smithsonian, a "Museum Extension with a Global View" would, among other things, exhibit air and space technology used to study the earth; explain the principles of air and space flight and global environmental systems; and project the impact of humans on the environment.

\(^4\)The 11 criteria were: location, site program, access, safety and security, compatibility with airport functions and master plans, ecosystems, utilities, aesthetics, cost estimates, flexibility, and plans for phasing of the facility's development.
met all basic requirements, but perhaps not all optional ones, were adequately considered.

Further, a key requirement could have been evaluated from a cost-benefit perspective but was not consistently done. Smithsonian officials have maintained that the Extension should be located within a 1 hour trip by automobile from the Air and Space Museum on the Mall. They cited several reasons for this requirement. For example, they said operational costs would be lower, since staff could travel between facilities, thereby avoiding the need to duplicate various support functions at a remote site. Another reason cited was the convenience to scholars using more than one of the Smithsonian's facilities. Officials also said the lower cost to move artifacts would be lower with a close location. In addition, they cited the continuing preference of the Smithsonian's Board of Regents to maintain museums at sites only in the Washington area.5

The Smithsonian has used the proximity requirement in the past as one of the reasons to reject sites. For example, Floyd Bennett Field in New York was rejected in 1985 as being too far away. However, remoteness from other Smithsonian facilities can be evaluated in terms of its cost implications. The Smithsonian

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5The Smithsonian operates 14 museums. The only permanent museum not in Washington is the Cooper-Hewitt Museum in New York City. Smithsonian officials said endowment provisions precluded them from moving this collection out of New York.
could require offers that do not meet the 1-hour proximity criterion to compensate for these additional costs in their proposals. Thus, assessing proximity on a cost-benefit basis could be used to enhance competition rather than simply as a reason for rejecting proposals from remote locations. Only the ongoing evaluation of Stapleton Airport has attempted to assess the value of proximity to the Air and Space Museum from a cost-benefit viewpoint.

Regarding the need to make facilities convenient to scholars, the Smithsonian does not maintain statistics on the number of air and space scholars who used more than one Smithsonian facility. They reported that 129 persons used the Garber archives last year. About 10 million people visit the Air and Space Museum per year, and 30,000 visit Garber per year.

IDENTIFICATION OF POTENTIAL SITES AND COMMUNICATION OF NEEDS

The Smithsonian has never formally, publicly announced or actively solicited proposals from other jurisdictions for consideration. In the absence of a public announcement, the Smithsonian cannot be sure that competitive sites have been identified.

Museum officials said they relied on their general knowledge and expressions of interest from localities to identify possible sites for the Extension during the early 1980s. During these years, the
Smithsonian carried out informal assessments of the following airfields to house the Extension: Andrews Air Force Base; Beltsville, Maryland; BWI; Dulles International; Floyd Bennett Field, New York; Glenn L. Martin, Middle River, Maryland; Shepherd Field, Martinsburg, West Virginia; Fairchild Plant, Hagerstown, Maryland; and Washington National Airport. Smithsonian officials said that Andrews Air Force Base was the only active military site considered.

With the exception of the Maryland and Denver proposals, the Smithsonian did not consider sites other than Dulles after 1985. Smithsonian officials said that they considered the Maryland and Denver sites because they were asked to do so by interested congressional parties. A limited competition evolved after Maryland and Denver became aware of the Smithsonian's needs and, through their elected representatives, asked the Smithsonian to consider proposals.

In our September 1990 report on the government's facilities location policy, we pointed out that existing federal requirements for site selections, which for the most part set forth objectives of providing economic development of rural areas and central business districts of cities, do not require that sites be selected competitively. We recommended in that report that the General Services Administration develop for congressional consideration a more cost-conscious site selection process reflecting a more
businesslike approach to selecting sites for governmental facilities. Such an approach would include maximizing competition, considering state and local concessions, using cost and benefit comparisons, and selecting sites that meet needs while offering the best overall value to the government.

EVALUATION OF OFFERS

Although the Smithsonian has done some cost analyses of different proposals, it has not thoroughly evaluated and compared the cost of offers received. Without such an analysis, the Smithsonian cannot determine which alternative is the least costly. Further, part of the rationale given for selecting the Dulles site goes beyond stated Smithsonian requirements.

The most systematic evaluation prepared to date by the Smithsonian has been the comparison of the Maryland and Virginia proposals using 11 criteria developed by HOK and the Smithsonian. However, the Smithsonian cost analyses provided to us of the Denver, Maryland, and Virginia proposals were not thorough. The Smithsonian's cost analyses were based on "should costs" as estimated by HOK, not firm price offers from the participants for which they could have been held accountable. For example, Maryland estimated the cost of the on-site improvements it agreed to make at $25 million to $30 million. The Smithsonian consultant estimated this cost to be $32 million, which the Smithsonian used in its
analysis. Virginia estimated its on-site improvements to cost $26 million, whereas the consultant estimated $40 million. Again, the Smithsonian used its consultant's estimated figures, rather than the proposal figures, in its analysis.

Also, the Smithsonian has not compared the costs of financing the different proposals over their life cycles or estimated the concessions revenues expected to be received at each site and then deducted those revenues from gross operating costs. We believe that, when evaluating investment alternatives to determine which is the most economical, a cost comparison should be made. In order to compare alternatives on an equal economic basis, we recommend comparing costs of alternatives at current or "present" values. Such an approach would be useful in this case because of the different incentives offered, the timing of the government outlays, and the effects on life-cycle costs.

In addition, the land for the Virginia site, which the government already owns, has not been considered as a cost in the Smithsonian's analyses. The land has alternative uses and considerable market value; it should not be regarded as free.

Further, one reason Smithsonian officials gave for selecting Dulles over BWI in 1990--its symbol as the prime gateway to the nation's capital--was not one of the HOK/Smithsonian site evaluation criteria. Another reason--the larger size of the Dulles site--
was not an essential attribute of the flexibility criterion. In fact, Smithsonian officials said the BWI site, although smaller, still met their needs.

CONCLUSIONS

The Smithsonian's site selection process has achieved some competition and has resulted in some promised incentives from different parties for the Extension. However, the Smithsonian has not followed a purposeful, systematic process to assure that the Dulles selection is the most cost-effective site. Even though the Smithsonian is not required to follow competitive procedures to select a site, in the current climate of fiscal austerity and restraint, a heightened awareness of opportunities for savings and consideration of lower-cost alternatives should be part of the site selection process.

Although our work shows problems with the Smithsonian's site selection process, our work was not designed to identify a preferred site for the Air and Space Museum Extension. Dulles might be the best site, but the Smithsonian's process to date cannot be relied upon to objectively defend the selection of Dulles.

A fair and reasonable way to assure it has selected the best site and maximized the incentives received from localities would be for
the Smithsonian to use a more formal, systematic, and cost-conscious process. Such a process would:

-- define minimal, real requirements, and distinguish such requirements from optional "niceties";

-- clearly announce and communicate these requirements to all possible offerors, perhaps on a nationwide basis; and

-- systematically evaluate all responses that meet the Smithsonian's needs in terms of present value life-cycle costs to the government. The solicitation for offers also could ask offerors to respond to optional features and explain how they will be evaluated in relation to costs of meeting basic requirements.

While we realize that some of the Smithsonian's storage needs are acute and that following such a process would delay the acquisition of the Museum Extension, we believe that a reasonably competitive solicitation and evaluation of offers could be done in less than a year.

This concludes my prepared statement, Mr. Chairman. My colleagues and I would be pleased to respond to questions.
Mr. Yates. The abstract that I have gives a history of what happened. In 1964, there was no expected need for expansion space when Air and Space was authorized. In the early 1980's, a search began to replace the Garber facility and to exhibit large aircraft that could not be transported to the Air and Space Museum or Garber. 1981 to 1985, Smithsonian employees evaluated eight sites, including BWI and Dulles. In 1983 and 1985, they chose Dulles.

In 1986, they signed an option to lease a Dulles site; in 1988, renewed the selection process after the Maryland Governor expressed his renewed interest in BWI's offer.

Smithsonian retains HOK, the consulting firm to define Smithsonian requirements and to compare BWI and Dulles proposals.

In 1989, BWI and Dulles submit revised proposals. HOK's evaluation shows no clear advantage to either site. 1990, Denver submits a proposal, and the Smithsonian Regents renew a preference for Dulles. Then there is a paragraph—did the Smithsonian site selection process follow a systematic approach for identifying the most cost-effective site that meets its needs?

Results in brief: No, you say, we found deficiencies in the way the Smithsonian set requirements, identified potential sites, communicated requirements to potential offerors, evaluated proposals, and selected a winner.

Then they have setting requirements. Requirements and estimated costs have steadily expanded over the past decade.

Original requirement, estimated to cost around $48 million (4 hangars, each estimated to cost $12 million), was to replace Garber—a facility to preserve, restore, and store air and space artifacts; provide an archives; prepare NASM exhibits; and limited display (not museum quality) of artifacts.

Current requirement, estimated to cost $360 million (not including land costs) is to replace Garber as above plus provide museum quality display of aircraft, including large aircraft such as the Space Shuttle, Concorde, Boeing 747; IMAX theatre; restaurant; museum shop; museum with a "global view"; and expansion space for other Smithsonian bureaus.

Requirements prepared by HOK did not distinguish which items were more important than others, or would be considered mandatory versus desirable. A cost-conscious approach to planning a facility would set priorities among needs, and some of the above items would be considered optional rather than mandatory.

Smithsonian's requirement that Extension be proximate to NASM to provide convenience to scholars is questionable, and should at least be subject to weighing its costs against its benefits. Smithsonian had no statistics on the number of scholars who needed to use NASM and Garber, but said that last year: 2,061 used the NASM library, 566 persons used the NASM archives, and 129 persons used the Garber archives. (There are about 9 million visitors to NASM per year and 30,000 visitors to Garber per year.)

SITE PROPOSALS NEVER ACTIVELY SOLICITED

Then on the question of identifying potential sites, the Smithsonian has never actively solicited proposals from other cities for consideration. Floyd Bennett Field, New York, was rejected as being
too far away in the early 1980’s. Only the current Smithsonian evaluation of Denver has assessed proximity to NASM from a cost/benefit viewpoint.

The only military airfield considered, Andrews AFB, was rejected in the early 1980’s because there was no guarantee of permanence due to possible interference with military operations.

Since 1983, when the Smithsonian first selected Dulles as the preferred site, the Smithsonian has considered only two other sites—BWI and Denver. Smithsonian officials said they considered these two sites only because they were asked to do so by interested congressional parties.

Communicating requirements to potential offerors: Smithsonian documents indicate that informal evaluations of potential sites identified by Smithsonian staff were performed up to 1985.

After 1985, particularly in 1988, 1989, and 1990, Smithsonian gave its requirements as developed by HOK to Maryland and Denver only when they were specifically requested.

Under a systematic process that agencies such as GSA and the Bureau of Engraving and Printing have used to acquire facilities, an agency would publicly announce its requirements and selection criteria and ask interested parties to submit offers by a particular cutoff date. Offers received after that point would not be considered.

Had the Smithsonian followed such a process, it might have proceeded with the acquisition process faster than it currently has.

Evaluating offers and selecting a winner: the most systematic evaluation performed to date by the Smithsonian has been the comparison of the BWI and Dulles proposals using 11 criteria developed by HOK and the Smithsonian.

There has still been no thorough cost analysis of the BWI, Dulles or Denver proposals, however, the Smithsonian has done some cost analyses, but they have been based on “should costs” as estimated by HOK, not firm price offers from the participants. Also, the Smithsonian has not considered the costs of financing the projects over their life cycles or estimated the revenues expected to be received at each site and then deducted those revenues from gross operating costs.

The land for the Dulles proposal, which is already owned by the Government, has not been considered as a cost in the Smithsonian’s analyses. The land has alternative uses and considerable market value; it should not be regarded as free.

One reason given for selecting Dulles over BWI—its symbol as the prime gateway to the Nation’s Capitol—was not one of the HOK/Smithsonian site evaluation criteria. Another reason—the larger size of the Dulles site—was not an essential attribute of the flexibility criterion. In fact, Smithsonian officials said the BWI site, although smaller, still met their needs.

CONCLUSIONS OF GAO REVIEW

Conclusions: although the process used by the Smithsonian has achieved some competition and resulted in some promised incentives from different parties for the NASM Extension, the Institution has not followed a systematic process capable of convincing
the public and Congress that it has assured that the Dulles selection is the most cost-effective site to meet its needs.

Dulles might possibly be the best site, but the Smithsonian’s process cannot be relied upon to objectively defend the selection of Dulles.

The only fair and reasonable way to convince the Congress and the public that it has selected the best site and maximized the incentives received from localities would be for the Smithsonian to use a more formal, systematic, and cost-conscious process that would define minimal, real requirements and distinguish such requirements from option “niceties”; clearly announce and communicate these requirements to all possible offerors; and systematically evaluate all responses that meet the Smithsonian’s real needs in terms of costs to the Government (the solicitation for offers could also ask offerors to respond to optional features and explain how they will be evaluated in relation to costs of meeting minimal needs).

While we realize that some of the Smithsonian’s storage needs are acute and following such a process would delay the acquisition of the NASM Extension, we believe the delay would not have to be longer than a year.

Mr. Stevens, is that a pretty good summary of your testimony?
Mr. STEVENS. Yes. It was an earlier version than the one we developed.

I would like to add something. The word “deficiency,” I think I have removed from the final version of the statement because that would seem to imply the Smithsonian did something that was contrary to its procedures or requirements of law, and that is certainly not the case.

We are comparing their process with an alternative one that is not a legal requirement; that means it is more competitive, more business-like, we believe. The best example we could find of an agency that has followed that process is the Bureau of Engraving and Printing location in Fort Worth, Texas. I believe they had 80 offers and got a free building and other incentives from Fort Worth.

QUESTIONS ABOUT GAO’S APPROACH

Mr. ADAMS. I have serious problems with the very philosophy itself, so to speak, that is inherent in the approach the GAO took, and I would like to put them on the record.

It seems to me, in a sense, that if one were to pursue rigorously the GAO’s philosophy, there would be no museums on the Mall. A decision was reached that there were other things that would apply to a printing plant that might go to Fort Worth or someplace else.

It seems to me that the utilization of the symbolic criteria that were mentioned for Dulles was a legitimate exercise of discretion by the Regents after they had approached the question of the comparative costs of Dulles and BWI and come to the conclusion that they were within the same general range. So that, in a sense, I believe—I think the policy they were following was to take those symbolic aspects as being important, but not being criteria that can
be applied until they had determined that there was a rough equality of the circumstances that were offered by the two.

It seems to me that is really a quite different framework than what was suggested.

Mr. Yates. Do I understand the GAO to say that you never really had a comparative cost between BWI and Dulles that was presented to the Regents?

Mr. Stevens. And Denver.

There has never been a three-way comparison.

Mr. Yates. Did you study the comparison of costs that was given?

Mr. Stevens. Yes, and Mr. Adams' characterization of it being basically a wash is accurate.

Mr. Adams. The second point, this was spoken of as a more business-like approach, and in one way, it is; life-cycle costing is indeed more business-like. However, there is a business-like aspect of the Smithsonian that doesn't seem to have been included in the GAO report, that we do seek to operate as a public-private partnership; and again, those symbolic aspects make a difference.

There is a greater possibility, in our judgment, in the Regents' judgment, of securing help from major private corporations if this is associated with the national Capitol. There was indeed that consideration, and seen from the point of view of the way in which we expected to have to finance this, I think that really can't be eliminated as another business-like consideration that is special to the Smithsonian.

PRIVATE FUNDS OR FEDERAL FUNDS

Mr. Yates. Let me ask another question.

How do you decide—you, the Smithsonian—how do you decide in your course of activity, of a new activity or payment for one of your activities, whether the money shall come from your private funds or from the Federal funds?

Mr. Adams. The private funds of the Institution are not—I am sure you are aware, are not a pot of money that is sitting there unused. The private funds of the Institution are, in fact, under greater stress today than the Federal funds.

The question is not one of how do we use funds that already exist; the question is what prospects are there for finding new funding of some sort.

Mr. Yates. I have the impression that part of your private funds are used for salaries of some of your executives.

Mr. Adams. That is correct.

Mr. Yates. So that when you hire Mrs. Turner, for example, you have to decide whether she should be paid by private funds, by Federal funds, or by both?

Mr. Adams. Yes. The guiding consideration in recent years with regard to senior management has been whether, within the Federal pay caps, we could pay enough to bring them. That has been a major consideration that we, in fact, have to take into account.

Mr. Yates. When Mr. Jameson wanted to build his administrative center, did you consider whether to use private or public funds?
Mr. ADAMS. We certainly discussed the possibility of presenting a number that would have been $760 million, instead of $700 million, to this committee and felt this was a way of meeting exigencies that—

Mr. YATES. This really would fall into your private fund category, because you are not asking for Federal funds. You are using the credit of your private funds.

Mr. ADAMS. That is correct. That is a different form of private funds.

Mr. YATES. And you decided to use your private sector—I will call it the "sector"—for financing of that?

Mr. ADAMS. Yes.

Mr. YATES. Now, when you are in that position where you have—as it turns out, it is both private and public funds—

Mr. ADAMS. That is correct.

Mr. YATES. The next question I would like to ask GAO is, when you have a combination of private and public funds in the construction of a facility, do they have to use Federally regulated schemes for construction?

Mr. STEVENS. Mr. Chairman, I am certain they don't have to follow Federal procurement regulations with their own funds. I am not certain the Smithsonian has to with Federal funds.

Mr. YATES. If it were all Federal funds, whether the Smithsonian would have to follow—would you supply that for the record.

[The information follows:]

Smithsonian Use of Federal Funds

We have held that purchases of equipment or facilities for the Smithsonian, for which funds have been appropriated by the Congress, must be made in accordance with the general provisions of law governing the expenditure of appropriated funds. 45 Comp. Gen. 685, 688 (1966). Therefore, when the Smithsonian Institution constructs a facility solely with appropriated funds it must follow Federal statutes and regulations.

Mr. YATES. I have the impression that in two decisions of GAO—which I thought were contrary when I first looked at them—the first one said that if it used private funds, that it could do whatever it wanted to do with those funds—build buildings, distribute it. If they were to use Federal funds, they had to follow Federal regulations.

Perhaps GAO had to build a building, for example. Here you have a combination of both, and what do you do where you have a combination of both? Put that answer in the record.

[The information follows:]

Smithsonian Use of Combined Federal and Private Funds

When the Smithsonian uses both appropriated funds and its private trust funds to construct a building, the Smithsonian is still required to follow Federal procurement laws applicable to building the facility. 45 Comp. Gen. 685, 688 (1966).

National Competition for Siting Museum Extension

Mr. YATES. Have we covered just about everything?

Mr. HARWIT. One comment, Mr. Chairman.

The GAO couldn't know that, but the Regents, in fact, did get a chance to look at a three-way comparison between Denver, BWI,
and Dulles. They looked at that yesterday at their meetings and re-confirmed Dulles.

Mr. Adams. That is not quite a correct statement.

There was no action taken, which leaves the earlier recommendation on the record. It was not that there was another vote taken to re-confirm Dulles.

Mr. Harwit. But the matter was discussed.

Mr. Atkins. Mr. Chairman.

Mr. Yates. Mr. Atkins.

Mr. Atkins. I am just curious, Mr. Secretary, in light of the GAO testimony and what they suggest as a procedure, setting out what would seem to be three separate criteria for selection, or three procedures for selection, would you object to going back and essentially doing a national competition to try to assure that you have the best deal and to spell out very clearly your criteria?

It seems as though the criteria are developed after the selection is made, this criteria that was just put on the table today. If corporate funding is more available for something that is located within an hour's drive of Virginia, than it would be any place else in the country, it seems to me to be a new one.

I have no way of knowing whether it is valid or not, but would you object to laying out a set of criteria and going into a national competition?

Mr. Adams. Let me perhaps play with words, Mr. Atkins.

I operate within the framework of the decisions that the Regents make, and the Regents have stated their preference for Dulles. It isn't whether I object or not.

If the Institution were directed by this Committee to carry on something that resembles a GAO-type of study, I think there is no question that the Institution would accept it.

Mr. Atkins. If you were so directed, is there any damage that you feel would be done to the Institution or to the cost of this or to your integrity?

Mr. Adams. I have the clear impression, Mr. Atkins, from informal knowledge—let's say, conversations with many people in Congress—that to open up the question of the location of this facility in this way will produce a process whose limits I can't really define. I think it may be quite lengthy. I think it may be much more complicated than we can now see.

I think the issue of the decentralization, if we can call it that, of the future Smithsonian over the 21st Century will enter into that process. I think we should recognize that, if this is done, it is a consequential step that is being taken.

Mr. Yates. It is a major decision as to whether or not this is a Washington institution primarily, will be a Washington institution primarily, but should its artifacts, instead of being stored, be allowed to circulate through the country and stored or seen in other places of the country.

But I think that is the subject of another hearing, and Mr. Wolf and Mr. Skaggs and Mr. Cardin and the Senators want to come in and say, this is where it should be, in this area—Mr. Skaggs saying in Denver; and others who want to come in and say, why only those sites?
That is something the Committee must decide, whether to over-rule the Regents and make it a national competition. It is not something we should do, I think, in this hearing. This hearing is purely informative.

Mr. Atkins. My hope was that perhaps the Smithsonian would submit for the record, and the GAO would do the same, their estimates of what would be lost or what might be gained—

Mr. Yates. If there were—

Mr. Atkins. If there were a process—not addressing the issue of selection, but rather addressing the issue of establishing a process which would allow a competition.

Mr. Yates. I think Mr. Stevens' statement addresses that.

Mr. Atkins. But I don't believe that it addressed—

Mr. Yates. Not on that point, but in substance.

Mr. Stevens. No question, it is more troublesome to go through this, so there are costs that we recognize—

Mr. Yates. I think that is something for consideration.

Mr. Adams. I applaud the question, however. I think the question is one that presently the Institution must face, whether now or a decade from now.

Mr. Harwit. A point of information. To give you an idea of the cost of making comparisons like the one conducted over the last three months while we looked at Denver. I can't give you exact figures, but we came to Mr. Yates and asked him whether we could make use of $50,000 in looking at what Denver was going to be offering.

In addition to that, I estimate that it took about two man-years of time, of rather senior Smithsonian staff, to analyze the situation. Twelve people went out to Denver at various times to look at the site and look at what was being offered.

If we had to do that for 80 sites, as suggested by the bids for a site for the Bureau of Engraving and Printing, it would run into extremely large numbers of man-years and dollars.

Mr. Baldwin. If you publish a solicitation where you ask people to respond to certain criteria and requirements that you have, and these are well thought out in advance, I think you will find that you won't need a group of 12 people to look at every response. There would be more specific responses given to you.

COST ANALYSES NOT THOROUGH

Mr. Yates. There is also another question that comes up here. Mr. Harwit indicated that the costs for the three sites had been submitted to the Regents. In Mr. Stevens' testimony, he points out that, although the Smithsonian has done some cost analyses of different proposals, it has not thoroughly evaluated or compared the cost of offers received. Without such analysis, the Smithsonian cannot determine which alternative is the least costly.

Part of the rationale given for selecting the Dulles site goes beyond stated Smithsonian requirements. More than that, the most systematic evaluation prepared to date used 11 criteria developed by HOK and the Smithsonian. However, the Smithsonian cost analyses provided to us of the Denver, Maryland, and Virginia proposals were not thorough.
The Smithsonian's cost analyses were based on "should costs." What is a "should cost," Mr. Stevens, as opposed to firm costs?

Mr. Stevens. I will let Mr. Baldwin answer that.

Mr. Baldwin. An example was the analyses we saw of the infrastructure cost at Dulles. The Virginia proposal estimated those at $26 million. The HOK consultants determined that those were worth $40 million. So the Smithsonian gave credit to Virginia for $40 million, as opposed to $26 million. It was a "should cost," as opposed to a proposed cost by the offeror.

Mr. Yates. And they took the savings into consideration?

Mr. Baldwin. Yes.

Mr. Harwit. That is not quite correct. We submitted to the GAO this chart here, which has a number of different alternatives for Denver.

Mr. Yates. Let me just point out, I think they make the point that perhaps there ought to be a review of the costing between yourselves and the others.

Mr. Adams. We certainly agree on that.

Mr. Yates. But you have a fundamental question that Mr. Atkins has raised that we will deal with at a later time.

Mr. Adams. We would be delighted to pursue with GAO the question of differences between the specifics of these two positions.

Mr. Yates. I don't know where we are with respect to the system of priorities, after having bashed it around as we have this morning. You go through the budget process in deciding your priorities, and who does establish the priorities? Do you do it?

Mr. Adams. Certainly I have to make recommendations to the Board of Regents, and it is the Board of Regents that establishes the priorities.

Mr. Yates. When I was a Regent, the Regents didn't participate very much. I was a Regent for a short period of time and decided I couldn't have my freedom as a Chairman.

Mr. Adams. It is a different time. It is a time of empowerment.

Mr. Yates. I guess so. The world is ablaze.

Anyhow, any other statements to be made by anybody, or are we through?

Thank you very much. We will advise you.

[Clerk's note.—Some Members of Congress and other individuals who did not appear before the Committee submitted statements for the record. The statements follow:]
January 14, 1991

The Regents
The Smithsonian Institution
Washington, D.C.

Dear Ladies and Gentlemen,

Thank you very much for this opportunity to reaffirm and summarize our proposal to the Smithsonian to locate the planned Extension of the National Air and Space Museum at Stapleton Airport in Denver. All of us here realize that a good deal of time has been spent examining Dulles Airport as a potential site of the Extension. However, we believe that after close examination you will agree that the Stapleton site offers many advantages.

We greatly appreciate the time Dr. Martin Harwit and his staff have spent with us since their first visit to Stapleton in mid-December. We are pleased they have concluded that Stapleton can indeed be adapted to the needs of the new Extension and that it offers some unique opportunities not available elsewhere.

Secretary Adams, through Dr. Harwit, has asked us to summarize our proposal, with particular emphasis on our cost-savings and financial package. That package and a brief discussion of other important elements of our proposal are detailed below.

COST-SAVINGS

The Smithsonian technical consultants that visited Denver in early January verified that the Extension can be built far less expensively at Stapleton than at Dulles. Their estimated Phase I savings for the Concourse B option are approximately $51 million ($109 million at Stapleton compared to $160 million at Dulles) and about $90 million for all three phases. The basis of these savings can be found in reusing existing facilities and infrastructure at Stapleton that must be built new at Dulles.

While we believe this estimate was an honest effort by the Smithsonian consultants to make what they called an "apples-to-apples" comparison between the two sites, we conclude that for a variety of reasons, a facility meeting the Extension building program can be built for far less at Stapleton.
For example, because of time constraints, the Smithsonian technical consultants said they could not examine our cost estimates. Instead, they started with their cost estimates for construction at Dulles and worked backwards, giving Stapleton credit for existing facilities and infrastructure based on expected costs at Dulles.

As a result, Denver was seriously penalized for items such as foundations. Despite the fact that our construction firm offered to guarantee that foundations could be provided at $1.50 per square foot at Stapleton (as compared to $3.00 at Dulles), the Smithsonian consultant arbitrarily decided that the cost would be at least $4.50 per square foot. This one item results in an increase of $1 million in Phase I and $2.6 million for all three phases over our initial estimate.

This is but one illustration. Overall, the estimates applied by the Smithsonian consultant have no bearing on the experience of local designers and contractors in terms of material costs, labor costs, and productivity in Denver, Colorado.

Based on further technical specifications only recently available to us, our detailed cost estimate prepared by one of the leading construction firms in the West demonstrates that Phase I of the Extension can be built in Denver for $80 million or less—about half the cost at Dulles. Furthermore, if the Smithsonian has some flexibility in their specifications for exhibition space that would allow reuse of more existing facilities or in the level of finish in some non-public areas, we believe the cost can be held to around $65 million.

FINANCIAL ASSISTANCE

The construction cost savings at Stapleton are impressive, but only half of the core of our proposal. In addition, if the Smithsonian Regents designate Stapleton as the site of the NASM Extension, we are committed to raising funds to build all of Phase I per the cost estimates of our construction consultants. This would be approximately $65 million.

Despite having only a very limited time to respond in detail since Dr. Harwit's visit in December, we have the following commitments to date:

1. **Local foundation support:** We have received commitments of $8 million from major Colorado foundations to apply to capital costs or to establish an operating trust fund. This amount was raised without any formal fund-raising effort. We believe that $10 million is a realistic goal from non-profit foundations with additional potential from the private sector.
2. **Bonding capacity:** We have received indications from the Mayor of the City and County of Denver and from the chairman of the Colorado Educational Facilities Authority that bonding capacity would be available for all or part of the facility if adequate revenue streams can be identified to retire the bonds. None of these bonds would be subject to a popular vote.

3. **Bond revenue sources:** Of course, bonding capacity is of little use without the revenue sources to retire bonds. This is what distinguishes the Stapleton proposal. The Dulles proposal relies entirely on parking and concession revenues from the Extension itself to retire bonds. This not only deprives the Smithsonian of operating revenue, but it provides only a fraction of the funds needed to retire bonds to be issued for Phase I.

   In contrast, our proposal is to secure pledged funding sources to cover all or a significant portion of the Phase I bonds, depending on further discussions with the NASM staff over the use of concession revenues and the private donations we have already secured.

   We have conducted discussions with leading state and local officials including the Mayor of Denver, the Governor, the State Treasurer, members of the Governor’s Economic Development Advisory Board, and others. They have indicated their support for the project and their willingness to identify and explore funding for Phase I bonds from several sources if the Regents commit to Stapleton. In our discussions with them, several important existing revenue sources have been identified that may be available including excess city revenues from a convention center bond issue, incremental funds from the state unclaimed property fund, state tourism tax, state historic fund, business improvement districts, and project-related revenues such as parking fees.

4. **Additional facilities:** There are a number of additional facilities that cannot be provided at Dulles that are part of the Stapleton proposal. Because of the attempt to provide an "apples-to-apples" comparison, the Smithsonian consultant did not give Denver any credit for them. These valuable assets include:

   -- a 5,000 space parking garage immediately adjacent to the terminal with a replacement value of at least $25 million. This garage would provide far more convenient access than the surface parking/shuttle planned at Dulles;
544,000 square feet of storage and staging space in nearby existing airline hangars that are not included in the Concourse B building program. Conservatively, these hangars would cost $27 million replace;

--other facilities such as the nine-story FAA control tower, existing jetways, and two historic World War II hangars which the Smithsonian staff recognized as providing unique opportunities for creative museum exhibits and attractions.

5. Other incentives:

--Road construction/mass transit: While the Stapleton site enjoys excellent access—it is served by three interstate highways—improvements to the interstate network serving Stapleton already underway or committed total $31 million. In addition, funding for a transit line from downtown through Stapleton to the new airport is included in a billion dollar package that will be considered by the state legislature in the 1991 session now underway, and the city is spending $75 million to construct a parkway that will link the new airport with Interstate 70 that runs through the Stapleton site.

--Low-interest/short-term loans: From time-to-time, if the Smithsonian has projects in need of special financing, low-interest, short-term loans would be available from the Colorado Economic Development Commission and the Greater Denver Corporation which have provided up to $500,000 at rates of from 3 to 5 percent.

--Employee relocation assistance: An employee relocation package would be developed to assist NASM employees moving to the area. The package would be tailored to the needs of this project, but would typically include a price reduction on new housing, mortgage reduction rates, reduction on personal loan rates, and discounts on moving of personal goods. This assistance has an estimated value of $25,000 to $30,000 per employee.

OTHER ATTRIBUTES

As detailed in the briefing books that have been provided to the NASM staff, the Stapleton proposal compares favorably or exceeds the Dulles site in all other attributes listed in the December, 1989, HOK study. These include:
1. **Tourism:** According to the U.S. Travel Data Center, Denver and Washington, D.C., host nearly the same number of visitors each year—about 19 million. Our most recent study indicates that we can expect about 2.3 million visitors to the Extension in Denver, a number comparable to Dulles. Importantly, most of these visitors will be people who would probably never have the opportunity to visit the Smithsonian—only 2.1% of all visitors to the Washington, D.C., area are from the Mountain and Pacific states. In contrast, Colorado’s visitation is very balanced geographically, with many tourists from California, Texas, and Illinois.

Denver also has significant numbers of international visitors. One recent study by a respected national transportation firm predicts that in 1995, about 1,736,000 foreign travelers will use Denver’s new international airport.

2. **Educational/Industrial Connections:** The new direction that the Smithsonian sees for the Extension—a museum with a global view—lends itself particularly well to a western location. In addition to gaining national prominence in air and space, the West and Colorado are home to important institutions such as the National Center For Atmospheric Research, the National Oceanic and Atmospheric Administration, the Solar Energy Research Institute, and the many space-related programs at the University of Colorado, Colorado State University, the Colorado School of Mines, the Air Force Academy, and the University of Denver. The U.S. Space Foundation, a not-for-profit institution located in Colorado Springs, is a national resource for research and information on all aspects of civil, military, commercial, and international space policy.

Prominent air and space-related firms include Martin Marietta, Ball Aerospace, Loral Command and Control Systems, TRW, and Advanced System Technologies.

3. **Access/Transportation:** Very few, if any capital improvements are needed at Stapleton. The site is served by three interstate highways and a fully developed local street system. The entrance to Stapleton can currently accommodate up to 2,300 vehicle trips per hour. Seven bus routes provide access from downtown Denver and points throughout the Front Range. Stapleton lies only 7 miles from downtown.

4. **Volunteers:** The NASM staff have told us of the importance of volunteers to their daily operations.
Denver and the Front Range have a large pool of eager, technically qualified people who stand ready to assist the Smithsonian. We have already received numerous phone calls from retired airline personnel—United, Continental, Frontier, and Western all have had major operations in Denver—and military officials from the many Colorado Air Force and other military installations who expressed a keen interest in helping out in any way possible.

5. **Minorities:** In building the Extension, the Smithsonian has indicated its intent to provide access to minorities, particularly students. The Stapleton site is in an ideal location to serve the substantial Hispanic, Asian, and other minority populations in the region, particularly in the three states that send the most tourists to the state—California, Texas, and Illinois.

In conclusion, we feel that Stapleton and Colorado offer a very attractive and most appropriate site for the NASM Extension. As members of the Smithsonian staff pointed out during their December visit, Stapleton presents the remarkable opportunity for the Smithsonian to add an historic airport as an artifact to its collection.

And there will also be an intangible here that cannot be underestimated—the Extension would be the premier museum in the Rocky Mountain West. There would not be a host of competing facilities. The enthusiastic reception that Dr. Harwit and his staff received in Denver during their visit in December is indicative of the support the Extension would have in the West.

We hope that the Board of Regents and Congress will agree and designate the Stapleton site so that we can help you begin building the Extension in 1993.

Sincerely,

Walter A. Koelbel, Sr.
Chairman
Air and Space West, Inc.

cc: Hon. Robert McC. Adams
    Dr. Martin Harwit
    Mayor Federico Peña
    Gov. Roy Romer
SUMMARY OF STAPLETON ADVANTAGES

COST SAVINGS BY USING EXISTING FACILITIES (Terminal, Concourse B or E, 200 acres of land, all infrastructure, landing strip)

Total Cost for Stapleton Concourse B proposal is $65-80 million, resulting in cost savings over Dulles of:

--Phase I: $80-95 million

--Phase I, II, and III: Total cost savings of up to $180 million

FINANCING

--Bonding capacity for Phase I at a minimum

--Revenue sources to retire all or a significant portion of Phase I bonds ($65 million) based on Air and Space West, Inc., cost estimates

--$8 million capital/operating grants currently pledged by Colorado foundations ($10 million goal)

--Low-interest/short-term loans

--Employee-relocation package ($25,000-$30,000/employee)

ADDITIONAL FACILITIES

--$25 million parking structure

--544,000 square feet of additional hangar space with a replacement value of at least $27 million

--Maintenance of landing strip

--Other airport facilities (e.g., FAA tower, historic hangars)

--Additional museum space (beyond program requirements) available in Phase I at no cost

OTHER ATTRIBUTES

--$30 million in nearby interstate highway improvements plus $75 million parkway to complete surface link between Stapleton and new Denver International Airport.

--Close-in location

--Expanded market for new visitors, not in competition with Mall

--Space-related industries and educational and research institutions nearby will reinforce Smithsonian's "Museum with a Global View."

--Ideal location to serve substantial Hispanic, Asian, Black, and minority populations in Denver and the West.

Air & Space West, Inc./1/18/91
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Air & Space Heritage Council, Inc.

February 3, 1991

Honorable Sidney R. Yates
Chairman
Subcommittee on Interior and Related Agencies
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20510

Dear Congressman Yates:

The Air & Space Heritage Council is a nationwide organization formed in 1984 to focus on the expansion of the National Air and Space Museum.

I commend to you Dr. Martin Harwit's statement on the need for the museum's expansion, and urge your Committee's support for a project which unquestionably is in the national interest. Popularity of the current Museum is evidence enough, but I would add these further thoughts for your consideration.

First, during the course of this century, technology has replaced territory as the new coinage of world power and economic health. Air and space has been the cutting edge for much of that new technology. The State of Israel is a cogent example.

If our nation is to maintain its position in world markets, we must maintain our technological leadership, and that can only be achieved by a people who enjoy a broad understanding of technology, who encourage young people to understand and apply technology in the service of man.

Second, the Air and Space Museum works to bridge the gap between the arts and the sciences. Many people can appreciate a machine, but not a painting. In the National Air and Space Museum they can see paintings of things they can relate to such as earthscapes, airplanes, or their heros, and for the first time gain an understanding of the arts. That self-generated knowledge can and has stimulated whole new levels of awareness in the value of the arts.

Third, the National Air and Space Museum's very popularity helps to bridge the national education gap by inspiring interest in the sciences. The museum is about people, not machines. Its artifacts, exhibits, lectures, films, and publications all help us understand the people who created the air and space sciences, how and why the aircraft were built, and how they were and are used. In so doing they help adults understand how our society has been changed and they inspire the young toward technical careers.

P.O. Box 17349, Washington Dulles International Airport, Washington D.C. 20041 • (703) 661-8040
It was for these reasons that the Air & Space Heritage Council and the Washington Airports Task Force brought the National Air and Space Museum together with the private sector in 1985 in an effort to create an initial phase of expansion funded without recourse to federal dollars. The feasibility study is enclosed for your reference.

The project was funded, but the Castle staff then in power felt unable to move on the project due to lack of Congressional authorization, so the commitments made, and an extensive nationwide capital development plan, were dismantled. The National Air and Space Museum's director resigned, and the new director Dr. Martin Harwit was caused to embark upon an expensive, formal reassessment of the need and of the location in the belief that this would lead to the provision of substantial federal funding, which in the climate of the eighties many still found preferrable to private donation.

I am struck by the aptness of the President's appeal to self-help in the State of the Union message: "If you've got a hammer, find a nail." The National Air and Space Museum has the hammer, we have the nail, and if Congress will authorize the two to be brought together, the nation can have an expansion to its Air and Space Museum.

I am also saddened by the realization that a modest privately funded initial phase to house artifacts such as the Space Shuttle Enterprise and the Enola Gay could have been open to the public since 1989 if Congressional authorization had been forthcoming.

The Air & Space Heritage Council urges Congress to endorse the expansion of the National Air and Space Museum as a national priority, to appropriate planning money, and then to leave the Museum to create the initial expansion with the help of the Commonwealth of Virginia and the private sector.

Yours sincerely,

J. E. Murdock, III
President
January 28, 1991

Sidney R. Yates, IL
U. S. Congressman
House of Representatives
Committee on Appropriations
H218 Capitol
Washington, D. C. 20515-6015

Dear Congressman Yates:

In recent weeks, a member of the Appropriations Committee has raised questions about the linkage between the new Denver Airport and Denver's efforts to locate a Smithsonian Air and Space Museum extension at Stapleton. I'd like to take this opportunity to review the facts surrounding the new airport and the conditions under which Stapleton property is to be redeveloped, and to assure you that Denver has acted in an appropriate manner and fully within federal regulations.

As you know, Stapleton is slated to close in 1993 when the new airport opens. Under federal law, proceeds from the disposal of the current Stapleton property -- 4,700 acres in total -- will go toward financing the new airport. Obviously, it's neither economically prudent nor possible to develop a site this large as one parcel. Recognizing this fact, the Federal Aviation Administration has set out procedures by which Denver can dispose of smaller parcels of the property over time. A key element of these provisions -- outlined in the FY 1990 Grant Conditions (a copy of which is attached) -- allows us to dispose of portions of the land at less than fair market value as long as its use enhances the value of the remaining property by an amount that is equal to or greater than the difference between the fair market value and the disposition proceeds.

At the time I and other Denver officials first came to Washington to seek federal support for the proposed new airport in January of 1986, Denver had no inkling of any idea to house an Air and Space Extension at Stapleton. Congressman Skaggs first brought this idea to the city's attention in December of 1989, at which time we began to prepare a proposal. The FAA was aware of Denver's grant request to build the new airport before December of 1989. Additionally, by December of 1989, Denver had received $60 million of its requested grant funds. Even though the Smithsonian Regents recommended proceeding with plans to house the extension at Dulles, we continued to refine our proposal and in August of 1990, announced publicly that we were continuing to pursue this issue with Congress. Therefore, the grant and Smithsonian proposal were never connected.

The size of the parcel at Stapleton we have proposed for use by the Smithsonian is approximately 200 acres out of the total 4,700 acres. We fully expect to demonstrate that the presence of the Smithsonian would enhance the value of the remaining 4,500 acres at Stapleton by an amount sufficient to meet the FAA requirements.

I want to assure you of our continuing intention to pursue redevelopment of the Stapleton site and our Smithsonian Air and Space Extension proposal in a manner that maintains a forthright relationship with the Committee. I would be pleased at any time to address any concerns you may have in this matter.

Sincerely,

Federico Peña
Mayor
The Honorable Sidney R. Yates  
House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

I thought you’d be interested in a copy of a letter to the Smithsonian Board of Regents from Walt Koelbel, Chairman of Denver’s Air and Space West, a corporation formed to promote Denver’s proposal. The letter reaffirms Denver’s proposal to locate the proposed National Air and Space Museum extension at Stapleton, and summarizes the financial assistance the city would be prepared to provide for construction of the facility.

Denver intends to cover all construction and related capital costs for Phase I of the proposed Air and Space extension. As you know, Phase I represents a fully operational facility — including exhibition galleries, an auditorium, museum and visitor services, and storage and restoration space. Denver is also offering other forms of assistance, such as employee relocation assistance, to reduce annual operating costs. When the cost savings and all local contributions are added up, an extension at Denver would require very little federal assistance for at least the next decade.

I realize the Committee has many factors to take into account as it addresses funding priorities and expansion plans for the Smithsonian. I appreciate your interest in Denver’s proposal, and hope you’ll let me know if I can provide further information on it.

Thank you very much for the consideration you’ve already shown us on this.

Sincerely yours,

David E. Skaggs

DES:ib  
Enclosure
Dear Mr. Chairman:

As you prepare for the February 5 hearing on the Smithsonian Institution's construction program priorities, I wanted to let you know of my support for the National Air and Space Museum Extension as well as reiterate the Commonwealth of Virginia's unwavering commitment of support in its construction at Washington Dulles International Airport.

Since 1983, when the Smithsonian Regents first determined that Washington Dulles is an appropriate site for the Extension, successive Virginia administrations have been strongly supportive, providing the Smithsonian with extensive help and offering significant financial assistance. On April 20, 1991, I wrote to Robert McC. Adams, Secretary of the Smithsonian Institution, informing him of Virginia's financial commitment. This commitment, which I continue to stand firmly behind and which the 1990 General Assembly endorsed, includes:

1. A $3 million interest-free loan for planning and design work;
2. State bonding authority to finance up to $100 million in debt for the initial construction phase of the Extension;
3. A commitment to make the required site improvements at a total cost of $26.2 million;
4. $6 million in direct State funds, plus another $6 million that will be raised through private and local contributions, towards the construction costs;
A plan to work with local governments, the Washington Metropolitan Area Transit Authority and others to develop rail passenger service between the West Falls Church Metro station and the Extension site by the year 2000;

A willingness to initiate bus service between the Extension and the Smithsonian's facilities on the Mall; and

Plans for construction of the Barnsfield Road interchange at Route 28 at an estimated cost of $15 million.

I view the National Air and Space Museum Extension as a museum with an important educational mission. To this end, Virginia has offered the Smithsonian an opportunity to become a full partner in several State education and research initiatives. This commitment perhaps offers the greatest promise. Institutions such as the Smithsonian, with a collection which includes the Wright Brothers Flyer, the Enola Gay, the Space Shuttle Enterprise, and the SR-71, can truly inspire the young towards the technical frontiers of tomorrow and provide an exciting research center for American's scholars.

The Commonwealth of Virginia strongly endorses the Museum Extension and stands firmly by its commitment. The Museum Extension is an admirable goal which Virginia is eager to help the nation realize.

With best wishes, I am

Very truly yours,

[Signature]

Lawrence Douglas Wilder

cc: The Honorable Robert McC. Adams
The Honorable John W. Warner
The Honorable Charles S. Robb
The Honorable Herbert H. Bateman
The Honorable Owen B. Pickett
The Honorable Thomas J. Bliley, Jr.
The Honorable Norman Sisisky
The Honorable Lewis F. Payne, Jr.
The Honorable James Olin
The Honorable D. French Slaughter
The Honorable Jim Moran
The Honorable Rick Boucher
The Honorable Frank Wolf
February 4, 1991

Honorable Sidney R. Yates
Chairman
Subcommittee on Interior and Related Agencies
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20510

Dear Mr. Chairman:

We understand that you have scheduled a hearing for tomorrow addressing the question of whether or not an extension of the Smithsonian's Air and Space Museum ought to be built, given the budgetary restrictions facing the Smithsonian and the federal government.

We continue to strongly support the Air and Space Extension, which we believe has tremendous educational potential, particularly because this museum would house the technology that defines our era. At this very moment, we are literally adding another page to the air and space history book as we carry out the liberation of Kuwait in the Persian Gulf. When that conflict is successfully resolved, there will doubtless be more "artifacts" that need a home at the Smithsonian. Given the popularity of the National Air and Space Museum's main facility in Washington, we think that the extension, built within reach of the Mall, should be given the highest of priorities.

We appreciate your budgetary constraints, and would like to underline Virginia's longstanding commitment to easing that pressure. As you know, the local business community and the State continue to stand ready to help the federal government in creative financing for the Museum's Dulles Airport extension. At the same time, it is essential that the Smithsonian provide the planning funds to give the Institution control over the shape of the project.
Many thanks for your consideration of this request.

Sincerely,

Chuck Robb
Charles S. Robb

John Warner
John W. Warner

Ted R. Wolf
Frank R. Wolf

James Moran
James P. Moran
February 5, 1991

The Honorable Sidney R. Yates
Chairman
Subcommittee on the Interior
Committee on Appropriations
Washington, DC 20515

Dear Sidney:

In regards to your Subcommittee's hearing today concerning the Smithsonian Institution's construction and refurbishment priorities, I would appreciate your including the enclosed statement in the hearing record.

Best regards.

Sincerely,

John Glenn
Chairman

JHG/ck
STATEMENT OF SENATOR JOHNN GLENN
SUBMITTED
BEFORE HOUSE APPROPRIATIONS SUBCOMMITTEE ON THE INTERIOR

February 5, 1991

I would like to thank the subcommittee and the Chairman for allowing me to submit testimony for the hearing record. While I realize that today's hearing addresses the overall construction and building needs of the Smithsonian complex, I would like to address my remarks to a specific project -- that of an extension facility for the National Air and Space Museum.

I have intimate familiarity with more than one of the pieces of the Air & Space Museum's collection -- but my strong desire to see an extension facility built goes far beyond personal considerations. We have heard from experts at the Smithsonian of the need for such a facility -- and one need only travel out to Suitland, Maryland to the Garber facility to see the antiquated condition in which some of our most historic aircraft and spacecraft are stored. But you see, Mr. Chairman, I think that an extension facility, in addition to providing storage and restoration services for historical aircraft, would also serve a much more important function.

The NASM extension should be built for our children and grandchildren -- to serve as an inspirational example of the wonders of math and science when this learning is applied to air and space flight. But the museum would also serve another, more somber, purpose -- a reminder of the folly and horror of war.

Mr. Chairman, does anyone doubt that the mind of a young student would not be challenged as he or she gazes at the Space Shuttle Enterprise? "What are those tiles for?" They might ask. Or "How fast does it go?" "Why does it look different than the Concorde sitting over there?" It is my hope that children who ask these questions will then be driven to discovering the answers -- and that is where learning begins and our nation's true strength lies.

Mr. Chairman and members of the subcommittee, most people in this country are too young to remember firsthand the events of August, 1945. We read about the bombing of Hiroshima in history books, but it somehow seems very far removed. The Enola Gay will be displayed prominently at the new extension to remind all those who see her that such weapons must never again be used in war -- Just as the INF display in the Mall facility reminds us of the very real
possibility for eliminating these weapons of mass destruction. I also believe that once hostilities have concluded in the Gulf, the public will want to see "up close and personal" the aircraft and missiles which helped to end Saddam Hussein's reign of terror.

For these reasons, Mr. Chairman, I think that funding for an extension to the Air and Space Museum should proceed.

In regards to the siting of the extension, I thought that this issue was resolved once and for all in January, 1990 when the Smithsonian Board of Regents voted to "reaffirm its preference for Dulles as the site for the new extension of the Air & Space Museum." I understand that this decision was again reaffirmed in yesterday's Regent's meeting.

I support the Regents' decision to site an extension of the Air & Space Museum at Dulles for the following reasons:

* Proximity to Mall facility and Washington metro area;
* Access to a major international airport with the capacity to permit additional Smithsonian expansion;
* Support of the Smithsonian Regents;
* Support from the Commonwealth of Virginia;

In addition, I strongly feel that splitting the National Air & Space Museum's collection between two sites separated by great distances tremendously detracts from the power, beauty, and educational value of the collection.

Although I am also concerned about the cost of the new facility, I firmly believe that the historical and educational value of such aircraft as the Enola Gay, the SR-71, and the Space Shuttle Enterprise, make them well worth preserving -- and that non-Federal funds will be integral to this effort.

As you know, the 1991 Appropriations Conference Committee "agreed to disagree" with regard to funding the initial phase of construction at the Dulles site. I hope that you hearings today, Mr. Chairman will resolve any outstanding concerns about the extension once and for all. I hope too that Congress will move swiftly to restore funding along the line of the 1991 Senate Appropriations Report.

Thank you again for allowing me to include this statement in the hearing record.
Mr. Chairman, I want to thank you and the Members of the Subcommittee for this opportunity to speak with you today. I understand that the purpose of this hearing is to begin the process of prioritizing the many competing goals and projects of one of our nation's greatest treasures -- the Smithsonian Institution.

Today you are faced with a difficult task. The work of the Appropriations Committee has never been easy. With the passage of the budget agreement in the closing days of the 101st Congress and the imposition of the significant budget constraints laid out therein, your job is not only to determine the Smithsonian's funding needs and how to address them, but to mediate those priorities with those of a myriad of other very important programs.

As I am sure your are aware from the efforts of your colleague and my friend Congressman Skaggs, Denver is offering a proposal that I hope will make your job somewhat easier. In 1993,
with the opening of the new Denver International Airport, Stapleton International Airport will become available for other uses.

Denver proposes that the Smithsonian Institution locate its planned extension to the National Air and Space Museum (NASM) on this site at significantly reduced costs to the federal government.

The Colorado alternative offers many advantages. Stapleton is located only seven miles from downtown Denver, and is served by three interstate highways and a fully developed network of local roadways, which currently provide access to this heavily used airport.

With the opening of Denver International in 1993, the site will enjoy continued ease of access for air travelers, since Denver is planning to spend $75 million for construction of a parkway from Denver International to Interstate 70, which runs through the location.

In addition to the terminal and concourse space, Stapleton possesses a 5,000 space parking garage immediately adjacent to the terminal and a wealth of hangar space for the restoration and staging of exhibits and apron space and jetways. Moreover, the site also contains a nine-story FAA control tower and two historic World War II hangars -- already recognized by Smithsonian staff as providing unique opportunities for creative museum exhibits.

Perhaps most importantly, the City has committed to covering all construction and related capital costs for Phase I. Upon completion, the Smithsonian will possess a fully operational
facility -- including exhibition galleries, and auditorium, museum and visitor services, and storage and restoration space.

In addition, Denver intends to provide other forms of assistance to further reduce federal costs, including employee relocation assistance. Taken in total, the cost savings and local contributions will result in very little federal assistance for at least the next decade.

Unfortunately, the Smithsonian’s Board of Regents made the decision to construct the annex from the ground up at a site somewhat beyond Dulles International Airport in Virginia prior to a full presentation of Denver’s proposal. Since then, they have stubbornly refused to review their decision and give the Stapleton Airport alternative equal consideration.

I understand that today the Interior Appropriations Subcommittee will make no decision on whether or not the Smithsonian should build its desired extension to the NASM, much less where it should be located. There are many philosophical and practical considerations that will have a profound effect on the mission and practice followed by the Institution that must be considered before making a final decision.

However, I want to emphasize what we all already know: the decision of if and where the NASM extension is built is the ultimate responsibility of the Congress, as stewards of the taxpayers money.

The Mall cannot accommodate the Smithsonian’s rapidly growing and valuable collection -- the number, and size, of the many historic articles precludes that option. Clearly, sites outside
of Washington, D.C., must be utilized. These sites need not be restricted to the region near the Potomac River.

Location of the NASM Extension in the rapidly-growing West will bring the Smithsonian to people who ordinarily may never have the opportunity -- only 2.1 percent of all visitors to the Washington, D.C. area are from the Mountain and Pacific states. Nevertheless, according to the U.S. Travel Data Center, Denver and Washington host nearly the same number of visitors each year -- about 19 million.

I believe that we should take the unique opportunity the availability the Stapleton Airport site offers. No new airport has been built in this country since 1974 -- it will be decades before another facility of this nature becomes available for this type of use.

Thank you, Mr. Chairman, for allowing me to bring these points to your attention. Denver looks forward to the opportunity to present its case in full at your convenience.

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