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CONGRESSIONAL WITNESSES
DEPARTMENT OF ENERGY
DEPARTMENT OF THE INTERIOR
NATIONAL GALLERY OF ART
NONDEPARTMENTAL WITNESSES
PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION
SMITHSONIAN INSTITUTION
WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS
DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1986

TUESDAY, MARCH 19, 1985

U.S. Senate,
Subcommittee of the Committee on Appropriations,
Washington, DC.

The subcommittee met at 2:30 p.m., in room SD-138, Dirksen Senate Office Building, Hon. James A. McClure (chairman) presiding.
Present: Senators McClure and Garn.

SMITHSONIAN INSTITUTION

STATEMENT OF ROBERT McC. ADAMS, SECRETARY

ACCOMPANIED BY:
PHILLIP S. HUGHES, UNDER SECRETARY
DEAN ANDERSON, ACTING ASSISTANT SECRETARY FOR HISTORY AND ART
DAVID CHALLINOR, ASSISTANT SECRETARY FOR SCIENCE
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JOHN E. REINHARDT, DIRECTOR, DIRECTORATE OF INTERNATIONAL ACTIVITIES
ANN R. LEVEN, TREASURER
TOM L. PEYTON, DIRECTOR, FACILITIES SERVICES
MICHAEL H. ROBINSON, DIRECTOR, NATIONAL ZOOLOGICAL PARK
JON E. YELLIN, DIRECTOR, OFFICE OF PROGRAMMING AND BUDGET
THOMAS LAWTON, DIRECTOR, FREER GALLERY

BUDGET REQUEST

Senator McClure. Good afternoon. This is the time scheduled to review the fiscal year 1986 budget estimates for the Smithsonian Institution. The fiscal year 1986 request totals $206,016,000, an increase of $16,455,000 over fiscal year 1985 appropriations to date. Also pending is a pay supplemental in the amount of $1,906,000.

(891)
PREPARED STATEMENT

Secretary Adams, we welcome you before the subcommittee. Your opening statement will be included in the record as well as a short biographical statement, as this is your first appearance before this subcommittee. If you would introduce those that you have with you at the table, we will then proceed to the questions.

[The statement follows:]
STATEMENT OF ROBERT MCC. ADAMS

It is a privilege to appear before you today, for the first time, in support of the Smithsonian's FY 1986 budget request. Before explaining the nature of our budgetary needs, I first would like to offer my overall impression of the state of the Institution.

As I have learned from a review of the record of the past several years, a great strength lies in the Institution's status as a Federal Trust establishment with the unique ability to generate a significant part of its funds. As the record shows, Mr. Chairman, largely through your cooperation with the Smithsonian and its Regents, we have articulated better the many uses to which our nonappropriated monies have been put, in conjunction with appropriated resources provided by this Subcommittee and the Congress, to increase the Smithsonian's capacity to serve the public. Our FY 1986 budget request manifests this appropriated-nonappropriated funds relationship in several ways.

Most evident is the joint funding of the Quadrangle complex and of the programs that will be located there. I will talk more about these later, but let me note here that not only is the building jointly financed between appropriated and nonappropriated sources, but nearly all organizations to be located in the Quadrangle are partially or completely financed with nonappropriated funds. The Smithsonian Institution Traveling Exhibition Service, the Center for Asian Art, the National Museum of African Art and the programs of the International Center are financed jointly, while the Resident and National Associate Programs are funded wholly with nonappropriated funds.

Less evident than support for the Quadrangle but equally impressive has been an annual allocation for the Institution's Collections Acquisition, Scholarly Studies and Educational Outreach Program. This year, we will spend a sum of $2.2 million for purchase of outstanding works of art, for scholarly research projects and for educational outreach efforts that bring the benefit of our programs to the public.

During FY 1984, the Collections Acquisition portion of the Program, supplemented by varying amounts of outside contributions, was used to purchase a wide variety of objects throughout the Smithsonian museums. A noteworthy acquisition by the National Portrait Gallery was the famous portrait of Mary Cassatt by Edgar Degas. The Scholarly Studies Program supports scholarly research projects that do not lend themselves to Federal funding for reasons of timing. With an award from this Program, scientists at the Smithsonian Tropical Research Institute were able to study the rare phenomenon of the El Niño Southern Oscillation which brought widespread climate changes to the Pacific by a significant warming trend. Apart from shedding light on important issues in coral ecology and evolution, findings from this study will assist governments in providing proper management to protect reef areas. Examples of projects made possible by Educational Outreach are Smithsonian-sponsored on-site workshops at small museums, a program of public service announcements for minorities and a program to teach science and mathematics to high school and junior high school students building on the fascination of young people with astronomy and space science. Through FY 1985, the Institution will have allocated a total of $19.1 million for the Collections Acquisition, Scholarly Studies and Educational Outreach Program.

Beginning in FY 1985, the Board of Regents also approved an annual allocation of $3 million to meet the cost of important temporary exhibitions throughout the Institution. We have just completed our initial allocation of these monies for support of eight exhibitions, the most significant of which will be two shows: "Aditi - A Celebration of Life" at the Natural History Museum and "The Golden Eye" at the Cooper-Hewitt Museum, complementing the nationwide Festival of India; and "Men of Greatness: Feats of Daring" in our Evans Gallery commemorating the United States exploring expeditions of 1838-1842. The "Aditi" show will feature some 1,500 artifacts and 40 traditional performances, artisans and crafts people; its theme is the life cycle. "The Golden Eye" will celebrate traditional Indian crafts expressed in modern design. Circumnavigating the globe, the United States exploring expedition of 1838-1842, led by Lieutenant Charles Wilkes, mapped and surveyed the South Pacific and confirmed for the first time the existence of Antarctica as a continent, making the
voyage a major landmark in United States science and maritime history. The
precious cargo brought back by the expedition formed the nucleus of the
Smithsonian's scientific collections, much of which will be displayed. After
showing for one year, beginning this November at the Natural History Museum, the
exhibition will be toured by the Smithsonian Institution Traveling Exhibition
Service (SITES) to major museums and historical societies throughout the United
States. Each exhibition funded from the Special Exhibition fund will be accom-
panied by a scholarly catalogue and some will feature associated seminars, sym-
posia and other public programs.

A third significant expenditure of nonappropriated Trust monies first
approved by the Board of Regents in FY 1979 has been to support a variety of the
Institution's fellowship programs. Since 1979, a total of $8.6 million has been
committed for fellowships including a projected amount of $2.0 million in the
current year.

It was in this context of self help and of mutual concern that we developed
our FY 1986 budget request. While I was not at the Institution when this budget
first was developed last spring, I have had an opportunity to shape its context
and to sharpen its focus subsequent to its submission to OMB and prior to the
final Congressional submission, which you have before you.

BUDGET PROCESS

During October and November, we began a new and more fully participative
budget review process. With the Institution's Management Committee, consisting
of the Under Secretary, Assistant Secretaries, the Treasurer and Development
Officer, as well as with museum and bureau directors, we examined programs pro-
posed in the OMB budget and established relative priorities among them.
Moreover, faced with a number of construction needs, we set to work on
establishing long-term priorities for them. The result of our reviews is the
budget we are presenting today. Although our request represents a total pro-
posed increase of $12.7 million in all appropriation accounts (adjusted by pay
supplemental requirements), our FY 1986 budget contains no frills.

FY 1986 BUDGET PRIORITIES

In developing this budget we addressed three major objectives. The first
is to provide adequate base resources to enable all of the Institution's
museums, research organizations and support functions to carry out their
existing programs effectively. The second objective is to provide resources to
permit the new facilities in the Quadrangle to open as scheduled -- with
Smithsonian staff and collections moving in during FY 1986 and the general
public welcomed in FY 1987 with the opening of important inaugural exhibitions.
The third goal in the FY 1986 budget is to strengthen essential and highest
priority Institutional efforts that were initiated in previous years. These
consist of programs to provide an improved level of equipment support to
research bureaus, to extend the benefits of automation throughout the
Institution, and to further collection inventories.

There also is provision in this year's request to complete staffing for the
Museum Support Center and to continue purchases of collections storage equipment
as the move of collections to the Center proceeds. An important initiative in
the FY 1986 request concerns increased support for the operations of American
overseas research centers for advanced research.

With the new facilities in the Quadrangle scheduled to be completed during
FY 1986, an additional Federal sum, to be matched by nonappropriated Trust
funds, is essential for final construction work and to purchase furnishings and
equipment.

While our FY 1986 request places continued emphasis on improvements to the
physical plant, building projects specifically designed to meet programmatic
objectives in the areas of research, collections management and exhibitions also
are of great importance. The most noteworthy of these projects are planned for
the Freer Gallery of Art, to create critically needed additional collections
storage and conservation space; and for the Smithsonian Tropical Research
Institute in Panama, to construct new facilities in support of research. There
is provision also for the National Zoological Park to build a new animal hospital at Rock Creek Park that will facilitate improved medical practice and insure the continuation of a high standard in health care of the Zoo's valuable animal collection. The following details our budget request by appropriation.

**SALARIES AND EXPENSES**

The FY 1986 Smithsonian request for the Salaries and Expenses appropriation totals $179,790,000. This constitutes a $13.6 million increase over the FY 1985 base. The proposed increase consists of $10.0 million for program increases, $6.8 million for expenses over which the Institution has little control such as inflation, rent and utilities, and $3.3 million for restoration of the two percent across-the-board reduction in the FY 1985 Interior and Related Agencies Appropriation Act (Public Law 98-473). These sums are offset by a reduction of $5.8 million for a five percent pay decrease as recommended by the Office of Management and Budget and the nonre cognition in the Institution's budget in FY 1986 of a trustee grant to the John F. Kennedy Center for which an amount of $.7 million was added in FY 1985.

The total of $10.0 million sought for program increases consists specifically of an additional sum of $4.7 million to finance Quadrangle-related projects; $2.0 million to expand Institution support of American overseas research centers; $.5 million to continue the process of scientific equipment replacement and improvements; $.8 million to expand computer capabilities within the Smithsonian; $.3 million to further inventory efforts; $.9 million to complete staffing and support requirements for the Museum Support Center; and $.8 million to correct base shortages in the Office of Plant Services and the Office of Protection Services.

Of prime importance to the Smithsonian is the successful opening of the Quadrangle in the spring of 1987. The Quadrangle culminates years of planning and will be a major resource for improved intercultural understanding between the people of the United States and the peoples of Asia and Africa. The requested funds will cover the majority of the costs for the major public programs planned for the Quadrangle. The Sackler Gallery (($.7 million to present its entire magnificent collection of 1,000 objects. The Museum of African Art will display three exhibitions: "African Art and the Cycle of Life"; "African Textiles"; and "African Art from the Permanent Collection." The International Center will hold an exhibition on "Birth - A Ritual for Life." It is anticipated that these exhibitions will draw over one million visitors to the Quadrangle during the first year in which the facilities are open to the public.

The Quadrangle is a major development for the Smithsonian, but it is only one manifestation of the increasingly international role of the Institution. The international programs of the Smithsonian date back to its earliest days and are integral to the nature of the Institution itself. The most recent inventory of current Smithsonian international programs reveals more than 700 projects carried out in 116 countries.

This involvement in the international arena has found expression in the establishment of the Directorate of International Activities. The Directorate, responsible for the coordination and advancement of the international activities of the Smithsonian, will assist me in establishing balanced international program emphases, reflecting all world regions and fields of existing Smithsonian interest. It seeks to foster scholarship, intercultural understanding and communication through the exhibitions to be installed and programs to be presented in the International Center.

Involvement in international affairs is not limited to Smithsonian activities on the Mall. The Institution has a sustained and keen interest in the fate of the American overseas research centers which now face a very difficult financial future. These centers, which were created for the advancement of field scholarship by American universities and research institutions, are located in a number of countries abroad, where they provide an invaluable research asset for American scholars. Smithsonian interaction with the centers over the years has included grants for core administrative and fellowship support, as well as research projects and other special programs, in countries where excess foreign currencies have been available -- India, Egypt, and Israel. In addition, the
Smithsonian played a key role in the creation of the Council of American Overseas Research Centers, an essential step by the centers for collective action to strengthen their programs. Participating from the outset in 1977 in the studies and discussions that led to the Council's formation, the Smithsonian convened the organizing meeting of the Council in 1981. Since that time the Institution has worked closely with the Council in the improvement of liaison and exchange of information among the centers, the preparation of materials for increased public information about them, and the development of the Council's future program. Dedicating to the advancement of knowledge for all people, the centers provide a low-key and low-cost, but highly effective network for the promotion of international exchange.

For FY 1986, we request $2.0 million in Federal funds to support the core costs of these institutions and thus relieve the financial pressures which threaten them. Loss of some or all of the centers would seriously undermine U.S. scholarly research in the field and cannot be allowed. Authority for the program exists within the basic enabling legislation of the Institution.

At this point, I would like to thank Congress for its past support for procurement of current equipment to further research efforts of the scientific bureaus of the Institution. Due to this support, the Institution has been able to maintain an excellent reputation in the field of scientific research, and this can be seen in the work of the Smithsonian Astrophysical Observatory which was furthered by additional Federal appropriations for scientific equipment replacement in FY 1984 and FY 1985.

To continue this program of scientific replacement and improvement, we request a total additional sum of $500,000 to ensure access to state-of-the-art technology by the Smithsonian Environmental Research Center (SERC), the National Museum of Natural History, and the Smithsonian Tropical Research Institute. In 1983 and 1984, a comprehensive equipment survey was conducted which concluded that 55 percent of SERC's equipment should be replaced at a total estimated cost of $2,330,000. To continue this program an increase of $100,000 is requested to provide an expanded base of $240,000 for FY 1986.

The National Museum of Natural History/Museum of Man holds one of the world's largest and most valuable scientific collections of plants, animals, rocks and minerals, fossils and man's cultural artifacts. It is essential to the research efforts of the NMNH/MOM that an additional sum of $250,000 in Federal appropriations be provided in FY 1986 for scientific equipment replacement to establish an expanded base of $660,000 for this purpose.

The Smithsonian Tropical Research Institute (STRI) located in the Republic of Panama serves as a world center for fundamental studies in tropical biology. With a permanent staff of 24 scientists, STRI is making important contributions to understanding the functions of tropical ecosystems. Increasingly, scientists and policymakers are recognizing the importance of the tropics and its interrelationship with environmental changes here in the temperate zone. Utilizing its unique facilities located across the Isthmus, STRI scholars are examining vital issues relating to deforestation and its effects on people, climate alteration and biological diversity. The addition of $150,000 sought for scientific equipment replacement will further STRI's research programs in the complex questions of the tropics.

We seek an increase of $800,000 to improve the quality and level of service to the public through automation in the National Museum of American Art, the National Portrait Gallery, the Hirshhorn Museum, the Smithsonian Institution Libraries, the National Museum of American History, the Archives of American Art, the Cooper-Hewitt Museum, the Office of Information Resource Management, the Office of Personnel Administration, the Office of Design and Construction and the Office of Programming and Budget. This request reflects a long-term goal of the Smithsonian to improve the computer facilities of the Institution.

In June 1983, the Institution completed the first inventory of its collections. The inventory was conducted under a policy established by the Smithsonian in 1978 as part of a collections management program designed to ascertain the full extent of the Institution's holdings and to assure continuing
accountability by the maintenance of comprehensive records of these holdings. To further the process of collections inventory, we seek $1.1 million in FY 1986, an increase of $250,000 over the amount appropriated in FY 1985. This will enable the National Museum of Natural History/Museum of Man, the National Museum of American History and the Cooper-Hewitt Museum to continue their inventory work. Major emphasis will be placed on refining inventory data, matching it to existing collection records, and reconciling differences which may exist between the two sets of information. Additionally, there is provision in the FY 1986 request for the advancement of inventory work in the Archives of American Art.

Our request includes a total of $900,000 to complete the staffing and support requirements for the Museum Support Center (MSC). Of this amount, $311,000 will be directed toward facilitating and improving the operations of the Conservation Analytical Laboratory (CAL). Specifically, $111,000 will be used to establish an adequate base for the purchase and replacement of scientific equipment required for the expanded duties of the Conservation Analytical Laboratory at the Museum Support Center, and $200,000 will be devoted to the enhancement of the expertise of the scientific staff. The balance is for the operations of the National Museum of American History, Smithsonian Institution Libraries, the Office of Protection Services, the Office of Printing and Photographic Services, and the administration and maintenance of the MSC.

Because of the importance of placing our ongoing programs on a sound basis, funding is included to restore the two percent across-the-board cut in the FY 1985 Interior and Related Agencies Appropriation Act ($3.3 million), to correct base shortages in essential support units ($4.8 million), and to meet expenses that essentially are beyond the Institution's control, consisting of inflation, higher utilities charges, mandated pay increases, and unemployment compensation costs ($6.8 million). Without these monies, virtually all of our museums and bureaus would not be able to plan effectively for the conduct of their programs at the beginning of the year. While we are absorbing the two percent reduction and other cuts this year through deferrals, our analyses indicate that continuation of base reductions will effectively cancel advances that we have made with your assistance in programs of research, collections management and automation.

**RESTORATION AND RENOVATION OF BUILDINGS**

For the Restoration and Renovation of Buildings Appropriation, we are seeking a total amount of $14.9 million, a $1.4 million increase over the FY 1985 Appropriation. This request represents a continued commitment to a program that will improve our physical plant for the safety of the collections, enjoyment of visitors and enhancement of basic research.

With the support of the Congress, the Institution has devoted substantial sums to facade and roof repairs, fire detection and suppression systems, improvements to make Smithsonian facilities more accessible to disabled persons and utility systems repairs and improvements. We propose to continue these efforts in FY 1986.

I am pleased to report that the multi-year project to renovate the facade of the 120 year old Renwick Gallery Building will be completed during FY 1986. Excellent progress is being made also on roof and facade repairs to the historic Arts and Industries Building. These are scheduled for completion in late FY 1987. Moreover, the Institution is continuing to upgrade fire suppression systems in all buildings, with particular emphasis on the Museums of American and Natural History to provide a level of safety consistent with today's standards and technology. Efforts are proceeding as well to upgrade heating, ventilating and air conditioning systems in buildings throughout the Institution both to protect the collections and to conserve energy.

The FY 1986 request includes a total of $8.0 million in restoration and renovation monies to support the development of the Institution's outlying facilities and to meet programmatic objectives in the categories of research, collections management and exhibitions. The most noteworthy of these projects in FY 1986 are plans to create critically needed conservation, storage and exhibition space at the Freer Gallery for which $4.5 million is sought, and to
fulfill requirements in support of research at the Smithsonian Tropical Research Institute for which a total of $1.5 million is requested.

CONSTRUCTION AND IMPROVEMENTS: NATIONAL ZOOLOGICAL PARK

For the Zoo, a total of $4.9 million is requested, the same amount as appropriated in FY 1985.

With funds appropriated in FY 1985, the Zoo will begin renovation of the Olmsted Walk area. Under the first phase of this project, the section of Olmsted Walk from the Rock Creek entry up to the Small Mammal Building will be renovated to create an identifiable pedestrian entrance at the Rock Creek side of the Zoo. New overlooks will be created above the Beaver Valley exhibits. A new gibbon facility and modified tortoise yard will be included as part of the improvements. Also with monies provided in FY 1985, the Zoo is moving ahead with plans for an aquatics exhibit. In addition to continuing with essential repairs and improvements to the Rock Creek Zoo and the Front Royal Conservation and Research Center ($1.6 million), the major project for which a sum of $3.3 million is requested in FY 1986 is the construction of a new and badly needed 17,000 square foot hospital building at Rock Creek.

QUADRANGLE CONSTRUCTION

As I have noted previously, the new facilities located in the Quadrangle constitute a key element of our FY 1986 budget request. We anticipate that construction of the Quadrangle building will be completed in FY 1986 with the exception of the connecting link and modifications to the Freer Gallery that will provide a passage for public and staff between the two buildings.

Subsequent to the receipt of the very favorable construction bid for the Quadrangle construction in FY 1983, the Institution prepared detailed cost estimates for security equipment, furniture and equipment for public, administrative and shop areas. Costs for these items were not included in the original construction project estimates. Rather, the Institution assumed that they would be sought separately within the Salaries and Expenses Appropriation. We now find that within the $75 million Quadrangle authorization we are able to construct the Quadrangle building and the link to the Freer Gallery as planned originally, install a security system and purchase all equipment and furnishings. The amount that we are seeking for FY 1986, $4 million to be matched by an equal share of nonappropriated funds, and a further anticipated sum of $4 million in Federal monies in FY 1987 also to be matched by nonappropriated funds, can be accommodated within the $75 million authorization. Our budget request explains in detail the specific uses to which these monies would be put. At this point, I would emphasize that the proposed funding is essential for the completion of the Quadrangle project and for the public opening in the spring of 1987.

SPECIAL FOREIGN CURRENCY PROGRAM

Finally, we seek $2.5 million for the Special Foreign Currency program. This will enable the continuation of grant awards to United States institutions for research in nations where local currencies are available. This program to further the research of associated institutions provides the Smithsonian with access to various collections, attracts scholars to the Institution and maintains the Smithsonian excellence in research. This funding would also provide the final United States contribution to the international effort to restore and preserve the ancient city of Mohenjodaro in Pakistan.

Mr. Chairman, I and my staff will be pleased to answer any questions that you and the members of the Subcommittee may have.
Robert McC. Adams, a distinguished anthropologist, archaeologist and university administrator, known for his extensive research into the ancient civilizations of Mesopotamia, is the ninth Secretary of the Smithsonian Institution.

As Secretary of the Smithsonian, Dr. Adams heads a complex of 13 museums and the National Zoological Park as well as scientific and cultural research facilities in nine states and the Republic of Panama.

The 1846 Act of Congress that founded the Institution as an establishment for the "increase and diffusion of knowledge" stipulated that it be administered by a Secretary responsible to the Board of Regents. The Regents have traditionally appointed scientists to serve as Secretaries of the Smithsonian, which has become world-renowned not only for its exploration of scientific frontiers but also for its contributions to the arts and humanities.

Secretary Adams assumed the Smithsonian post on Sept. 17, 1984. In his most recent position prior to his appointment, he had served as provost of the University of Chicago from 1982 until 1984. He had been affiliated with the university for nearly four decades, earning his bachelor's, master's and doctoral degrees there (in 1947, 1952 and 1956 respectively) and beginning a teaching and administrative career in 1955.

As an archaeologist, Adams' principal interests lie in the agricultural and urban history of the Near and Middle East, geographical and archaeological study of settlement patterns and comparative economic and social history of pre-modern societies. He has carried out significant field research in these areas over a period of 27 years in the deserts of the Near and Middle East and in the cloud-forested mountains of Chiapas, Mexico.

Secretary Adams is best known for his studies in Mesopotamia (modern-day Iraq), site of one of the world's earliest civilizations. Working with aerial photographs taken from thousands of feet above the desert, Adams has spent much of his professional life studying the development of these earliest societies, from the layout of ancient villages and their waterways to the growth of true cities with sophisticated canal systems.

Secretary Adams was born on July 23, 1926, in Chicago and was educated there. Adams first enrolled at the University of Chicago in 1946 and was invited in 1950 by archaeologist Robert Braidwood of the university's Oriental Institute to join his expedition to Jarmo, a site in the remote foothills of Iraqi Kurdistan. Jarmo was the first major expedition to define an important problem in Near Eastern archae-
ology—the transition of a prehistoric population in the eighth and seventh millennia B.C. from food gathering to food production.

Adams' interest later shifted from the origins of agriculture to concentrate on the topic that has occupied him since—cities and their dynamics in the rise and fall of civilizations. Some of his early work was concerned with Mexico and the New World, but the bulk has always been in the Near East. In 1956, he led the first of a series of expeditions to the Mesopotamian plain, surveying ancient canal systems, rivercourses and settlement patterns. It was on this trip that he first became acquainted with aerial photographs. Taken from thousands of feet above the desert, the pictures revealed faint traces of individual watercourses, even superimposed sequences of watercourses dating back to remote times.

Adams returned to Iraq to continue his research in 1957 at the request of government officials in that country who were considering investing in a major new irrigation system in the Diyala Plains. He moved into an old expedition house near Baghdad with his family—his wife, Ruth, and daughters Gail, then 10, Beth, 8 and Megan, 2. Adams surveyed a number of sites each day, covering more than 800 in about a year.

The survey revealed development of the region from the scattered layout of ancient hamlets, villages, and towns with their incipient canal systems. No researcher had previously identified accomplishments of this complexity. Adams had planned to forge ahead with a survey of the entire plains but was unable to do so because of the revolution which occurred in July 1958, when Iraqi military and popular forces overthrew the monarchy.

For a time after this upheaval, Iraq remained virtually closed to outside scholarship. In 1960, Adams surveyed ancient irrigation systems on the Kuzestan Plain in the southwest province of Iran at the invitation of authorities in that country. And in 1961, the entire Adams family moved to Chiapas in the highlands of southern Mexico for a survey of the relationship of man and land use through time.

Since the early 1960s, Adams has returned to Iraq whenever the political climate has permitted. In 1966-1967, 1968-1969, 1973 and 1975, he was able to expand and refine his earlier work, completing two surveys that, along with the insights of other archaeologists, have revolutionized the understanding of the rise of urban societies in Mesopotamia.

His survey in 1967 of the countryside near Uruk in the lower Euphrates floodplain revealed hundreds of previously unsuspected villages of the fourth millennium B.C.; he was able to trace the dynamics of the shift from small villages and towns to
the great city of Uruk, which appeared as a kind of sudden explosion a little after
3000 B.C.

In 1968, Adams, Ruth, Beth and Megan returned to Iraq to work on an exhaustive
study of the central Euphrates River floodplain, conducted on and off between wars
for the next seven years. The survey, encompassing more than 1,600 sites, was de-
scribed in "Heartland of Cities: Surveys of Ancient Settlement and Land Use in the
Central Floodplain of the Euphrates" (1981), the definitive work of its kind.

Adams has also carried out field research in Syria (1970) and Saudi Arabia

During the years that he was conducting field research, Adams' career as an
academic administrator at the University of Chicago continued to flourish. In 1962,
he was named director of the university's Oriental Institute, which is devoted to
research in the ancient civilizations of the lands stretching from the Mediterranean
to the Indian Ocean. He held this position until 1968 and again from 1981 to 1983.

In 1975, he was named Howard H. Swift Distinguished Service Professor of Anthro-
pology, and he twice served as dean of the Division of Social Sciences (1970-1974 and
1979-1980).

He was appointed provost of the University of Chicago in 1982, serving as the
principal deputy to University President Hanna Gray. Adams held the position of
provost until September 1984 when he came to the Smithsonian.

Adams has been a visiting scholar and lecturer in anthropology at a number of
universities in the United States, including Harvard University, the University of
California (Berkeley and San Diego), University of Rochester, University of Colorado,
Denmark's Aarhus University, McGill University and the Baghdad School of the American
Schools of Oriental Research. In 1976, he was the distinguished lecturer for the
American Anthropological Association. He was also a National Academy of Sciences
Exchange Scholar to the German Democratic Republic in 1978 and a member of the Social

In addition to writing "Heartland of Cities" and "The Evolution of Urban Soci-
ety: Early Mesopotamia and Pre-Hispanic Mexico" (1966), Adams is the author of "Land
Behind Baghdad: A History of Settlement on the Diyala Plains" (1965), "The Uruk
Countryside: The Natural Setting of Urban Societies" (1972, with H.J. Nissen) and
of more than 75 articles in professional journals.

He also is co-author of "City Invincible: A Symposium on Urbanization and
Cultural Development in the Ancient Near East" (1960). Since 1956, Adams has served
as advisory co-editor in archaeology for the Encyclopedia Britannica.
Secretary Adams is also concerned with modern institutions and policies for the support of scientific research. As an active member of the National Academy of Sciences and its affiliated organization, the National Research Council, Adams has been a councilor of the Academy, chairman of the Assembly of Behavioral and Social Sciences and Chairman of the Academy Forum. In 1982, he co-edited a two-volume report titled "Behavioral and Social Science Research: A National Resource." Adams was also vice chairman (1977-1980) and acting chairman (1980-1981) of the NAS Committee on Science and Public Policy.

He is active in the American Association for the Advancement of Science, the world's largest interdisciplinary association of scientists. Adams is a trustee of the Russell Sage Foundation and the National Opinion Research Center. He is a member of the American Philosophical Society, the German Archaeological Institute, the American Oriental Society and the Middle East Institute and is a fellow of the American Academy of Arts and Sciences, the American Anthropological Association, the Middle East Studies Association and Sigma Xi.

Secretary Adams is married to the former Ruth Salzman Skinner. They have three adult daughters, Gail, Beth and Megan. Robert and Ruth Adams reside in Washington, D.C., and have a mountain cabin near Basalt, Colo., about 22 miles northwest of Aspen.
Mr. ADAMS. Thank you, Mr. Chairman. It is a pleasure to be here.
On my right, at the end of the table, is Mr. John Jameson, who is
the Assistant Secretary for Administration.
On my immediate right is Mr. Jon Yellin, who is the Director of our
Office of Programming and Budget.
To my left is Mr. Phillip S. Hughes, the Under Secretary of the
Smithsonian.
Beyond him is Mr. David Challinor, who is the Assistant Secretary
for Science.
In addition to this group, I would expect that at various times during
the discussion to follow we will call on the following as witnesses: Mr.
Dean Anderson, who is the Acting Assistant Secretary for History and
Art; Mr. Ralph Rinzler, who is the Assistant Secretary for Public Serv-
ice; Mr. John Reinhardt, the Director of the Directorate of Interna-
tional Activities; Ms. Ann Leven, our Treasurer; Mr. Michael Robin-
son, the Director of the National Zoological Park; and Mr. Tom Pey-
ton, the Director of Facilities Services.
Those individuals may in addition be called upon.
Senator McClure. Thank you very much. Aside from you, most are
familiar faces before this subcommittee.

OFFICE OF PLANT SERVICES REPROGRAMMING

Mr. Secretary, in late March of last year the Smithsonian submitted a
reprogramming request to transfer $360,000 to meet a base deficiency in
the supplies and equipment area of the Office of Plant Services. After a
thorough review of the funds that had been made available to the Off-
ce of Plant Services, the House and Senate committees determined
that a base deficiency did not exist in these areas, rather that a shortage
had been caused due to overhiring. At our hearing last year the Smith-
sonian agreed that this was the case. The reprogramming request was
withdrawn and a new proposal was submitted requesting funds for sal-
ary costs, which was subsequently denied.
The subcommittee has recently received the fiscal year 1984 repro-
gramming report from the Smithsonian which shows that $313,000 was
reprogrammed to the Office of Plant Services for supplies, services, and
materials base deficiency, the same purposes of the original reprogram-
ing request. While technically the reprogramming request was not
denied because it was withdrawn by the Smithsonian, it certainly ap-
ppears that the Smithsonian acted against the express wishes of the
Congress.
Mr. Secretary, I realize that this occurred prior to your arrival, so
perhaps one of your associates would be better able to explain exactly
what happened and why.
Mr. ADAMS. Mr. Chairman, I think I will call upon Mr. John Jameson to respond to that.
Mr. JAMESON. Mr. Chairman, first I think I should apologize to the
committee and to the staff for the confusion that this matter has caused
over the last year.
When we received the answer on the second reprogramming letter our interpretation of it at the time was that the committee, because of this confusion, had concluded that there was a higher and better use for the money. We did not interpret the committee's action as meaning that this problem in the Office of Plant Services should not be solved. We did solve it generally within our administrative reprogramming guideline.

I think we compounded the confusion that we had previously created in the reprogramming report that we sent to you because the moneys continued to show up as going to fund the supplies and materials of the Office of Plant Services. While it may not be the best answer, there is a policy and practice within the Institution that because of the size of our payroll account and because of the uncertainty throughout the year on pay supplementals and the like salaries and benefits must be covered. That action may create an apparent deficit in other objects of expense.

Given the testimony that we provided to the committee last year and the committee's understanding of that testimony, the reprogramming report should have showed that the moneys went into salaries and benefits, because in effect that is where they went. But because of this internal policy of covering the payroll account before anything else, we showed the moneys going against supplies and materials.

Senator McClure, Do I understand the answer, if I could summarize very quickly, to be it really was not expended in the area which we are now led to believe it was?

Mr. Jameson. We had drawn money out of supplies and materials to cover payroll, because last year we had to absorb 50 percent of the higher pay costs for the year. So we had covered through administrative action the salaries and benefits of the Institution. If we had violated our internal practices and put the money into salaries and benefits, then the administrative reprogramming would have gone into the salary account. It is very confused, and I apologize for that.

Senator McClure. Isn't it a fact that at the hearing last year the Smithsonian agreed with the findings that we had made that there had been overhiring?

Mr. Jameson. We did hire 15 people last year because of the workload situation in the Office of Plant Services, yes.

Senator McClure. So the shortage that occurred that you covered was simply because you hired more people than was authorized?

Mr. Jameson. That is correct.

RENTAL SPACE AT THE NAVY YARD

Senator McClure. An increase of $345,000 is requested for rental space. The major portion of this amount, $317,000, is for space at the navy yard annex. The Smithsonian was to vacate this space and no funds were budgeted for the navy yard in fiscal year 1985.

In earlier years the committee had been told that the rental savings from the navy yard would be used to offset some of the costs of equipping the Museum Support Center. Last year we were told that the
funds would be required to meet rental shortages at other locations and could not be used for MSC equipment costs. This year it appears that the Smithsonian has no intention of relinquishing the space at all even though that was part of the justification for the construction of the Museum Support Center. Why shouldn’t we require that you vacate this space in line with the earlier representations to the committee?

Mr. Adams. I think I would ask that Mr. Jameson speak to that question also.

Mr. Jameson. Mr. Chairman, 1 year ago it was our full intention to give up the rental space at the navy yard where we have had our sorting center. That intention was predicated on a move schedule to the Museum Support Center, a schedule which did not materialize, because as the committee knows we had some problems in installing the wet storage equipment in the Museum Support Center. Indeed it was not until this past fall that the problem was corrected and the wet storage equipment accepted by us from the contractor. The move schedule from the sorting center started and will continue this year and will be completed in late summer or early fall of this year.

So, in effect, we are still occupying the navy yard space this fiscal year. Once vacated, however, we now believe that there are several good reasons, which we hope the committee will accept, for holding onto that space.

One is that it is convenient to the Mall. Its size, relatively low cost and likely continued availability to the Institution because it is Government-owned space and not commercial space means that we can continue to use it for the balance of this year and some portion of next year as a mockup or test gallery for exhibitions that will go into the quadrangle.

Second, the space, because it is quite large, 40,000 square feet approximately, and conveniently located, can be helpful to the Institution for the general storage of equipment or materials.

A third reason is that we are nearing the end of our lease commitment to space on North Capitol Street, which is commercial space. We can be in there until approximately the end of this decade. It is, however, in an area which is quite ripe for development so we need to begin to look for alternate space for the activities that are now housed there. We are currently investigating ways that the space at the navy yard could begin to take over some of the activities now housed in the other more expensive commercial space.

The last reason is that in the relatively near future we will be planning to undertake interior renovations to the Arts and Industries Building, partly for our purposes and partly, to accommodate the Woodrow Wilson Center. It seems likely to us that we will have to relocate some activities out of the Arts and Industries Building into other space. We would prefer not to go into very expensive commercial space if we could avoid it. The navy yard space indeed is very convenient to us.

Senator McClure. You have outlined where you were before and where you hope to be next year, and of course this year there was no
budget request. Is that rental being paid out of trust funds or out of appropriated funds?

Mr. JAMESON. It will be paid this year out of appropriated funds, Mr. Chairman. As you know from prior testimony, we do use trust funds for space, but those buildings are areas where we have trust funded activities. There are no trust funded activities at the navy yard.

Senator McCLEURE. You have no budget for that expenditure in this fiscal year?

Mr. JAMESON. No, sir.

Senator McCLEURE. If you pay for that out of appropriated accounts what are you going to take it from?

Mr. JAMESON. We will have to reprogram moneys into that account to take care of it, assuming that our other projections on rental space materialize.

Senator McCLEURE. But you don't know yet where that will come from?

Mr. JAMESON. No, sir.

PROGRAM INCREASES FOR SCIENTIFIC EQUIPMENT

Senator McCLEURE. Major increases for equipment purchases are proposed for various science bureaus. Fiscal year 1984 base funding for equipment purchases for the Museum of Natural History, the Astrophysical Observatory, the Tropical Research Center, and the Environmental Research Center totaled $1,682,000. The fiscal year 1986 request for equipment for the same four bureaus totals $3,354,000, an increase of almost 100 percent over a 2-year period. The total Equipment Replacement Program for these organizations is estimated to cost almost $14 million. Is there any reason that these purchases can't be spread out beyond the fiscal year 1989 deadline which the Smithsonian has used to determine the replacement schedule?

Mr. ADAMS. I think I will ask Mr. Challinor to speak to that.

Mr. CHALLINOR. Mr. Chairman, the replacement of equipment is an area which we have tended to push aside. It has now gotten to the point where we no longer can afford postponement. It has become an extremely high priority to allow us to continue to function. To postpone this beyond the proposed schedule would cause very serious problems in the Institution.

Senator McCLEURE. I am groping as to how to phrase the question. Even though you now recognize an extreme urgency it is an urgency you didn't recognize in your budget request last year. Am I stating that correctly?

Mr. CHALLINOR. We did recognize it last year, Mr. Chairman, and in some bureaus we had indeed received funds for equipment replacement, namely, in our Environmental Research Center, in the Museum of Natural History, and in our Astrophysical Observatory. We are requesting increases in those amounts for fiscal year 1986 to fit our 5-year projection for orderly replacement of equipment.
Senator McClure. Let me get on to another subject which is perhaps more difficult. I do not hesitate to get into that subject at all. It is just that it is an unpleasant one but nevertheless must be explored.

The Friends of the National Zoo made their mailing list of 7,000 names available to the Democratic Senatorial Campaign Committee and the Democratic Congressional Campaign Committee. As a result, all members of FONZ are now receiving predictably partisan mailings assailing the President and the Republican-controlled Senate. Dr. Roscoe Moore, president of FONZ, has written to the subcommittee stating that this was "an error in judgment" and indicating that the board will issue guidelines to prevent a repetition of this in the future.

What is the Smithsonian policy with respect to the activities of the various organizations associated with the Smithsonian that are not supported with Federal funds?

Mr. Adams. I would like to express personal regret, Mr. Chairman, concerning the fact that that took place. It took place without our knowledge. I would like to ask Mr. Jameson again to speak to the more technical issue of what the situation presently is.

Mr. Jameson. Mr. Chairman, we have provided a copy of our policy statement to the committee. Basically it makes two key points with regard to your question. Our policy is that where Smithsonian organization units exchange or rent lists that any such exchanges or rentals are to be with organizations whose responsibilities or mission or activities are compatible with those of the Institution.

The second important point, I believe, is that all expenses of such lists are to be met with trust funds.

Senator McClure. Should it be the responsibility and are you meeting the responsibility as the board of the Friends of the National Zoo or of the Smithsonian itself to determine the conditions under which mailing lists will be made available to other organizations? You have supplied them with a statement of your policy; are you going to see that they follow it? Or is it your view that you should see that they follow it?

Mr. Jameson. I think it is a two-part answer, Mr. Chairman. They are a separate legal entity, and from that standpoint they have the inherent responsibility to construct their policies and practices. But very much in line with your question, given the programmatic relationship of the FONZ to the Smithsonian Institution and the general public's perception of that relationship, I think the FONZ should adopt policies and practices that reinforce that relationship.

I am advised that our staff is working with the FONZ staff and they are developing a policy which will reflect that of the Institution.

Senator McClure. Do you believe that they will do that as a matter of consultation and concurrence with your policies?

Mr. Jameson. I believe they have learned a useful lesson.
RESTAURANT DEVELOPMENT

Senator McClure. Mr. Adams, I would like to ask you a few questions about the plans for restaurant development at the Smithsonian Institution. My concerns and questions go really to three basic issues.

One is the question of whether financing should be done by the Smithsonian or by some private investor.

The second is the issue of the Smithsonian's contractual relations with Marriott-LeRoy Enterprises.

Third is the issue of the quality of the restaurants at the Smithsonian Institution.

When the Smithsonian asked for offers to operate the Smithsonian food service facilities in December 1983, the offers were to be based on private financing of all capital investments.

Private financing of its restaurant facilities would preserve the Smithsonian Institution from any financial risk; that is, if for any reason the revenues from the restaurants were not sufficient to cover the debt service, then the loss would fall on the contractor and not the Smithsonian. Was that part of the consideration?

Mr. Adams. That was part of the consideration, sir. That does not quite reflect the outcome, but that was part of the consideration at the outset, yes.

NASM RESTAURANT BID RESULTS

Senator McClure. Did the bid that the Smithsonian accepted from Marriott-LeRoy Enterprises meet the RFP specifications?

Mr. Adams. It met the very general RFP specifications, yes.

Mr. Chairman, if you have a series of questions on this subject, may I offer to make a general statement that perhaps may permit the questions to somehow address the issue in a more comprehensive way?

Senator Garn. Mr. Chairman, if I might make a statement before he makes his.

Senator McClure. Certainly, Senator Garn.

Senator Garn. I, too, am concerned about this, and as a member of the Board of Regents was involved in the discussions leading up to this. I plead guilty to neglect of duty at not being at the January regents meeting, and I would like everybody to know it was not because I was in Houston. The press would like to believe everything I have not done is because I have been someplace else. I plead guilty to having my first grandson born 4 days before that Board of Regents meeting, and I went to Utah to see my first-born grandson. So I was not there and I should have been, and I plead guilty to not being there and being part of that discussion.

I feel very strongly that the Smithsonian should not be in the restaurant business, and I really am not concerned with who operates it. I am not here on behalf of any one particular organization. But I do very clearly remember, to put it bluntly, the mess we had at the Air and Space Museum and the problems with the restaurant there and the loss of money to the Smithsonian.
There is no Member of this body who has higher regard for the Smithsonian as an institution or the people there than I do. One of the great privileges I have had of serving in the Senate is to be on the Board of Regents for the last several years. I don’t know of anything I have done except space that I enjoy quite as much.

But that tells me that we have the premier museum in the world without question, and there is no doubt about that in my mind, that doesn’t know a damn thing about running restaurants and should not be in the food service business. That is why when the decision was originally made to go for outside bids and have somebody else operate it, whoever was selected, I thought that was a very good decision and I supported a recommendation or amendment in one of the Board meetings last year to do that. I haven’t changed my mind that it is good policy to keep the Smithsonian in the museum business. Nobody does a better job on this entire Earth, not just in the United States, than the Smithsonian. But I see no evidence that you know how to operate a restaurant or that with your vast experience or anybody else’s that there is any great expertise in food service around there.

So I just wanted to make my position very clear from a very general standpoint. I would like you to stay in the museum business and let somebody else feed the tourists who come through there. That is why we as a subcommittee are asking some of these questions, to find out why.

Again I apologize for running to Utah to see my grandson, but I would do it all over again if I had the same opportunity and had to choose between a Board of Regents meeting and my first grandson. The next one may be different. One is due in May, another one in June. I have very productive children. So the next events will not be quite as exciting as the first one.

Thank you, Mr. Chairman.

Senator McClure. Senator Garn, I wonder if we could ask you to provide a list of the due dates to the committee. [Laughter.]

Senator Garn. Yes; as closely as I can.

Senator McClure. Secretary Adams.

Mr. Adams. Senator Garn, I would like to say that as far as I am aware there is unanimous agreement not only among the regents but within the Smithsonian staff that we do not know how to run restaurants and that we do not belong in the restaurant business. There is nothing in the action that the Smithsonian has recently taken that reflects any change of mind in that regard. Our problems are with the specific contract that has been suggested by Marriott-LeRoy, and we do have serious problems there.

Let me proceed with my general comments and then I and my colleagues are, of course, ready to pursue any of these points in further questions.

First of all, there is no contract now. Hence there can be no breach of a contract at this point.
I have here, and we can make it a part of the record, the letter that was sent to Marriott-LeRoy last May at the time of the decision that they had been selected to operate those services, pending the conclusion of a satisfactory contract.

[The letter follows:]

LETTER FROM R.P. PERKINS, DIRECTOR, OFFICE OF SUPPLY SERVICES, CONTRACTING OFFICER

MAY 29, 1984.

Mr. J.W. Marriott, Jr. and
Mr. Warner LeRoy,
Marriott-LeRoy Enterprises, 10400 Fernwood Road, Bethesda, MD

DEAR Mr. Marriott AND Mr. LeRoy: I am pleased to announce that Marriott-LeRoy Enterprises has been selected to operate food services at the Smithsonian, pending the conclusion of a satisfactory contract.

At this time, there remains a considerable amount of detail, including corporate management, on-site management, interior design, menus/value and contractual terms and conditions, which needs to be made a part of the contract. In order to make a more efficient use of our time and resources, I have asked that Mr. Cobert and Mr. Gutzler meet to set out the list of remaining items and jointly produce an agenda for resolving them, with a target date for contract award and a schedule to begin and complete construction.

With your continued involvement, we should be able to agree on remaining details and begin, in a very short time, construction and renovation of facilities and the operation of a most outstanding food service venture.

Very truly yours,

R.P. Perkins,
Director, Office of Supply Service,
Contracting Officer.

CONTRACT DISPUTE

Senator McClure. Before you proceed further on that, you make the point that there is no contract, that is a point which they dispute, is it not?

Mr. Adams. I believe they do, but I couldn’t imagine a letter that was more clearly worded than this. It goes on in the following sentence to indicate the considerable amount of detail remaining to be negotiated, including contractual terms and conditions. Our problems arise precisely over those contractual terms and conditions.

I leave it, of course, to the lawyers to pursue this, as indeed they well may, but our position very strongly is that we are not presently operating with contractual arrangements.

Senator McClure. I understand from them that they have received a legal opinion from a major law firm that they have a binding enforceable contract and that the Smithsonian is now in breach of that contract. I certainly pass no opinion on that, but that apparently is their position.

Mr. Adams. I pass none either, sir. I am operating in terms of the advice of our own legal counsel.

The second point I would like to make is that the terms to which the Smithsonian found it necessary to take exception were not in the very general response to the RFP that Marriott-LeRoy offered but were in
the contract itself that was subsequently proposed in the latter part of the fall.

My third point is that there was and remains throughout our discussions a very substantial difference in the interest rates that we were able to arrange for and those that were offered by Marriott-LeRoy, a difference of several percentage points, which made a very substantial difference over the life of the contract.

INTEREST RATE NEGOTIATIONS

Senator McClure. Would you rather that I withhold questions or address those points as you go through them?

Mr. Adams. I would follow your own lead, sir.

Senator McClure. Maybe it would be best that after you make a point and have completed it I ask a question with regard to it.

It was my understanding that when the Smithsonian expressed a desire to explore self-financing Marriott-LeRoy offered to match any interest rate the Smithsonian could obtain; that they offered an additional $5 million, a total of almost $23 million, in capital investment in order to meet new Smithsonian requests; and that they offered not only to increase the overall rent as a percentage of gross sales, including their repair and renovation commitment, but even to give the Smithsonian a 50-percent profit-sharing arrangement for all profits over a certain level.

Mr. Adams. I think with regard to every one of those points, sir, it is a matter of interpretation. Our people who were involved in those negotiations differ radically from the interpretation they are offering.

Senator McClure. Specifically on the interest, did Marriott-LeRoy offer to match any interest rate that you could obtain?

Mr. Adams. Let me turn to Ms. Ann Leven, our treasurer, who dealt with this.

Ms. Leven. To the best of my knowledge, they did not. Mr. Butch Cash, who is an executive vice president of Marriott, sat in my office when I debated the 14-percent interest rate that was included in their final proposal and offered 13 percent. Some subsequent days later the Riggs Bank offered us a 9-percent floating rate for a limited period of time.

Senator McClure. Have you had discussions with Marriott-LeRoy since that time?

Ms. Leven. Not on interest rates, sir.

BUY-OUT PROVISIONS

Mr. Adams. To continue, there were what were from our point of view very onerous buy-out provisions in the 25-year contract that Marriott-LeRoy wanted, such that we would have been expected, if we wanted to terminate the contract as much as 20 years out, to make a very large payment to Marriott-LeRoy. I believe it was on the order of—perhaps I should turn to Ms. Leven.

Ms. Leven. The buy-out provisions ranged from $44 to $52 million, and that was in addition to whatever might be remaining of the $22
million that Marriott-LeRoy was going to loan us for the renovations that were proposed. Forty-four to fifty-two million dollars represents a very substantial, almost complete amount of our unrestricted endowment. Our auditors would have demanded that we document the contract in our statements because of the magnitude of this obligation.

Mr. Adams. Let me continue. It was our view as we reviewed the situation that risk comes in several forms, and indeed there is a risk of mismanagement or inferior management leading to a loss of business in the restaurant and to some loss of income as a consequence.

That is, however, only one risk. Another category of risk that was very much on our minds was the maintenance of some Smithsonian control over the quality of the restaurant service, and our feeling was, particularly in view of those buy-out provisions, that we were going to be forced to lock ourselves into a very long-term contract with very severe difficulties in negotiating any improvement in quality over the longer run, and that was a consideration that weighed on our minds, not in terms of the present parties to the negotiation, but parties who might be involved 10 or 15 years down the road. So we felt we had a serious problem there that had to be kept in mind.

NASM RESTAURANT DESIGN

The next point I want to make has to do with the design of the restaurant itself. It is our interpretation of the present situation that the Smithsonian owns and has paid for the design of the restaurant that was prepared under the auspices of HOK. I wasn’t involved at the time myself, but I understand that Mr. Warner LeRoy contributed to that design in some measure, perhaps in some significant measure. But I do not think this means it is the Warner LeRoy design; it is instead the HOK design with a measure of contribution by Mr. Warner LeRoy.

I have already indicated to the Marriott interests by letter in February that we were prepared to negotiate a suitable reimbursement for the contribution he made to those designs. We haven’t pursued such negotiations until now, but we have indicated that we are certainly ready to do so. We are also ready to negotiate suitable reimbursement for any expenditures that were made by Marriott-LeRoy subsequent to their submission of the bid.

In our own view, as I have indicated, a long-term contract is a decidedly mixed blessing. I don’t mean this to imply that we are in favor of running our own restaurant. I reiterate that we agree completely with Senator Garn in that regard. But we do think that we have the responsibility in connection with a premier museum, with the premier museum, of assuring over the long term the maintenance of quality in that restaurant, and that the Smithsonian is here for the longer term than individual corporate interests with which we are negotiating now, and that from that point of view shorter-term contracts subject to renegotiation may give us a greater level of control.
REBIDDING THE PROJECT

I have just a couple of other final points. The first is that the Smithsonian feels that it needs to maintain a policy of openness with regard to all of its contracting procedures. In this case the initial restrictions at the time that this project began—that the bidders had to be prepared to provide the funds for it—eliminated a number of otherwise interested bidders from coming into the process. They so indicated to us both orally and in writing at that time.

If we were now to change those terms and have the Smithsonian provide the funds we would in effect have excluded them from those discussions, and it is our view that we would be at some risk of being legally liable for damages to them for not having made it possible for them to participate in the bidding.

Finally, I would say that—it is possible my tone has suggested otherwise, but I don’t mean it to—I personally found the concept that I have had an opportunity to discuss with Mr. LeRoy a very attractive concept, and I am still very hopeful that Marriott-LeRoy will be involved in some appropriate way in the rebidding process. I do not think this should be understood as our attempt to reject Marriott-LeRoy as a very able, well-known, well regarded firm in this business which they know much better than we do. Our interests are not at all in excluding them from this process.

SELF-FINANCING

Senator McClure. Suppose you do self-finance the restaurant improvements and you get a contract to run the restaurant for 2 or 3 years and the contractor is unable to generate enough revenue to cover the debt service. I know you wouldn’t plan it that way, you wouldn’t expect that to happen, but suppose it did happen. Won’t the Smithsonian be left holding the bag?

Mr. Adams. My understanding is that the contract that was offered to us also did not hold us harmless if the business were to fall off in a really radical way. But perhaps I should ask Ms. Leven to comment on that.

Ms. Leven. Marriott-LeRoy would be the first to tell you that they, too, recognize that during first years of the proposed restaurant operation—until public acceptance is built up, until the menus have been stabilized, with one thing or another, it would not, in fact, make money. We are aware that we would have to subsidize the debt service for the first years.

Senator McClure. That is a slightly different question than whether or not it is a profit-making venture that takes the risk. Under the long-term contract that you had wasn’t that risk transferred to the contractor?

Ms. Leven. No; the risk was not transferred to the contractor; it was a shared risk all the way through as in the later years it would be a shared profit. But we had to go a number of years before we came to the full profit.
Senator McClure. A shared risk in what way?

Ms. Leven. In that we would have to subsidize their management fee and they would not get the full extra measure over the management fee if we were not making money. It's a fixed-fee-plus kind of arrangement.

Senator McClure. But that risk to the Smithsonian is not as great as being self-financing.

Ms. Leven. It could very well be.

Senator McClure. It could very well be?

Ms. Leven. If we did not have adequate service and we did not have adequate food in the restaurant such that the public accepted it and we were unable to change contractors, it might well be that we would have to carry the whole restaurant.

Senator McClure. You are saying if they did a miserable job and you couldn't get rid of them you would have a bad risk.

Ms. Leven. Right.

Senator McClure. But absent that one qualification, the risk if you are a self-financer is greater than if you share that risk with a contractor.

Ms. Leven. Not really, because we had to pay back Marriott the $22 million that they would lend us on a pro rata share anyhow. Thus, we would really be borrowing the money as if we were borrowing it from a bank. It just so happens we were borrowing it from Marriott. I don't see the difference, sir, in the risk quotient.

Mr. Adams. Senator McClure, I perhaps should interject here, if I may, that if there is a risk, and I suppose there is a risk in anything one does, it is not a risk to the appropriated budget. It has been the understanding from the very beginning that the risk would be to the trust fund.

Senator McClure. I understand that. They don't seem to get totally separated, though. I know that we operate under the myth that they are.

Ms. Leven. Let me comment also, sir, that with lower interest rates the carrying costs become significant on that amount of money.

Senator McClure. Certainly, and that is a very obvious and a very correct point. The question is whether or not Marriott had the opportunity, or whether indeed they had a contract, and whether they had an opportunity to meet the changed conditions of a better offer later. They may well argue, and I have not yet received this argument from them, that what the record shows is that you had entered into a contract with them; then you got a better offer, so you wanted out of the contract with them in order to get the better offer.

Ms. Leven. I wish I had had the better offer, but I didn't have the better offer.

Senator McClure. You had the better offer from Riggs, apparently. You said it was better.

Ms. Leven. Only after the negotiations were over, sir.

Ms. Leven. Prime at the time that we were talking with Marriott was about 8 percent. So from my professional experience, having worked for a major bank, I was able without Riggs to determine that it would be possible to get a lower rate. It was only after we ceased talking to Marriott and after the negotiations were over that Riggs made me their offer which I have in writing.

Senator McClure. Has the Smithsonian had any independent analysis done on whether revenues from the Air and Space Museum restaurant, based on your most recent attendance figures from the last few months, would generate revenues sufficient to cover the Smithsonian's debt service on the new restaurant building?

Mr. Adams. No, Mr. Chairman; we have not carried out an independent study. We have examined further and carefully our attendance figures at the Air and Space Museum, and we are now satisfied that the figures as they are being recorded are very, very close to accurate and that the attendance is approximately that on which the initial discussions with Marriott-LeRoy went forth.

I have nothing more to add there except that if it made sense for Marriott-LeRoy to feel that this was a worthwhile commercial venture at the 14-percent level, it certainly ought to represent still a worthwhile venture at the 9-percent level.

CONTRACTOR SELECTION HISTORY

Senator McClure. It is my understanding, Mr. Adams, that one, that the public summary of the May 24, 1984, meeting of the audit and review committee of the Smithsonian Board of Regents reflects a decision by then Secretary Ripley that Marriott-LeRoy be awarded a contract for the Smithsonian's restaurant operations; and two, that after conducting a formal bidding competition the Smithsonian notified Marriott-LeRoy that its bid had been accepted and that they had been selected to operate the restaurants pending only negotiation of remaining details, meaning presumably details not covered by the bid document.

I realize all of this was before you arrived.

After the May 29, 1984, selection letter was sent to Marriott-LeRoy, didn't the Smithsonian make requests for Marriott-LeRoy to begin performing extensive and expensive design and planning services for Smithsonian restaurant facilities?

Mr. Adams. There are a number of questions in there on which I might comment, Mr. Chairman. I think, to begin with, the statement that appears in the minutes of the audit and review committee is the shorthand in the minutes which speaks of the awarding of a contract; that isn't legal language and it isn't a legal document; it's an internal document for the Smithsonian itself. It seems to me that the letter that is the legal document is the one I have already made reference to, this letter of May 29 to Marriott-LeRoy, and let me read the operational sentences once again.

Senator McClure. Could I make a rather broad general request of you that whatever written documents that you have be provided to the committee.
Mr. Adams. They certainly will.
Senator McClure. Thank you. Please go ahead.
Mr. Adams [reading]:

I am pleased to announce that Marriott-LeRoy Enterprises has been selected to operate food services at the Smithsonian, pending the conclusion of a satisfactory contract. At this time, there remains a considerable amount of detail, including corporate management, onsite management, interior design, menus, value, and contractual terms and conditions, which need to be made a part of the contract.

It goes on with other statements. Those are the key statements in this letter which we believe are the operative ones that should govern this.

Senator McClure. Isn’t it correct that the Smithsonian requested that they work on the design of serving systems?
Mr. Adams. They did indeed. Again, it was before my time. They certainly were involved in discussions with a number of museum directors about various of these details.

I should say that we do not have any material record of the outcome of that work in the form of menus or designs or anything of the kind. From our point of view it perhaps is worth saying here that the total output of the Marriott-LeRoy effort that has been in our hands one time consists of two sketch drawings of this building which we do not now have.

Senator McClure. Is that a representation that to your knowledge that is all they were requested to do and all that they have done?
Mr. Adams. No, no; I am quite sure that their discussions went much further, but it isn’t as if we have a large body of material which is in a condition for us to make use of.

Senator McClure. We are informed that they were requested to work on the design of the serving systems, on exterior and interior architectural design, decor planning down to the level of tablecloth design, equipment selection, and design and organizational planning.
Mr. Adams. I think I should ask someone who was involved with that process to speak further to it.

Mr. Jameson. The whole contract negotiations hinged in large measure, Mr. Chairman, on getting an adequate level of information from the selected vendor as to what kind of renovations would be provided in our several food service facilities and how those food service facilities would be operated. This consumed a large amount of time between the end of May and the late summer and early fall.

We could not consummate a contract with them until the costs associated with operations and the costs associated with renovations were pinned down to a point where they could be built into the financial aspects of the contract. So of necessity Marriott-LeRoy, as any vendor who might have been selected at the time, had to go through a certain process of becoming completely familiar with the requirements of the work that the vendor would perform in these facilities in order to do the financial documentation.
INCURRED DESIGN COSTS

Senator McClure. Was the Smithsonian aware that Marriott-LeRoy was incurring substantial expense in performing those services, expense which they have indicated amounted to more than $1 million?

Mr. Jameson. Mr. Chairman, I have no knowledge of what the costs of those services might have been. Certainly as part of the cost of doing business and the cost of getting a contract with the Smithsonian they had to incur some staff and other costs for the purposes that you mentioned. But we have no information at this point what the value of those services might have been.

Senator McClure. Mr. Adams, you have indicated you have nothing of substance from them, and yet on March 11 the Washington Post reported that the Smithsonian plans to use the Warner LeRoy design, and presumably the detailed design services of both LeRoy and Marriott, for the restaurant regardless of who gets the contract. Is that report in the Washington Post erroneous?

Mr. Adams. I think it is erroneous with regard to speaking of this as the Warner LeRoy design. We do believe we own and have paid for, have paid substantially for, a design submitted by HOK in which in some measure Mr. Warner LeRoy was involved. We, as I have already indicated, are prepared to negotiate further reimbursing him for what his contribution has been. I have no way of assessing that contribution myself.

THE REGENTS REVIEW

Senator McClure. I realize that we are not a court of law and I am not trying to pass any judgment as to whether or not you have a contract. Presumably if their lawyers' legal opinion is correct you'll solve that in some other forum.

This is an issue which I certainly realize is far down the track. It is not just the first discussion of the issue, and I know that it started and was well matured before you came on board. In view of the questions that have been asked not only by myself but which will be submitted for the record and questions from other sources, is there any chance that the regents will be asked to review the question?

Mr. Adams. I think you might more properly address your question to Senator Garn who is in a position to assure that it is taken up by the regents.

Senator McClure. But he is just one.

Mr. Adams. Of course he may at that point have a new grandchild. I understand the problem.

Senator McClure. If you schedule it right.

Mr. Adams. You can be assured that we will communicate to the regents the interest you have taken in this question and also the specific questions that you have raised about the action that they already took. I wouldn't want to prognosticate that they will change their view, but it is really a matter for the regents themselves to determine.
Senator Garn. Mr. Chairman.

Senator McClure. Senator Garn.

Senator Garn. Let me just follow up on my opening remarks. I cannot judge the validity of contracts. I am fortunate enough not to have a law degree. There are only a few of us in the Senate, but I am one of those fortunate few who is not able to judge all the legal niceties of things. I’m sorry. I love my chairman, but I think it gives me sometimes a broader view than the way attorneys are trained to look at dotted “i’s” and crossed “t’s”. So that will be in another forum.

My concern as a member of this subcommittee or as a regent has nothing to do with the specifics of the contract. I can’t judge that. I wasn’t involved in negotiations. You can hear one side and then the other and it all sounds very reasonable, depending on who you heard last, and so I am not able to judge at all whether there is a contract, whether there isn’t, who did what when.

My concern is over having made what I thought was a decision to go outside, whoever that outside was, so that the Smithsonian really was totally out of the restaurant business and not judging that every couple of years did we have good performance, did we not, how was the food, how were the prices, and all of that sort of thing in that kind of detail. That is still my concern of going to self-finance; that is the issue that I am concerned about.

The details of the contract have to be argued some other place by people who have expertise in that area, and if I do not have a grandchild at the time of the next Board of Regents meeting, that is the only issue that I would intend to bring up, the overriding principle of should we or should we not be getting into that kind of detail or should we, whoever gets a bid, be allowed to run a restaurant with people who are experienced in the restaurant business.

I know about accepting from low bidders. I used to be a mayor, and I have flown a lot of airplanes that were built by the low bidder too. I won’t get into detail, but I can tell you about a curb and gutter contractor in Salt Lake City that it was hard to turn down, but I finally did because I got tired of ripping up the curb and gutter that he put in.

So when you put things out to bid you can get some fly-by-nighters in that process where you would like to have control and be able to kick them out on a shorter term basis. I understand that principle as well. But the Smithsonian is such a Cadillac or Mercedes of institutions that I couldn’t believe that we couldn’t go through a process where we could pick somebody in that bidding process that was of similar caliber in their field, that you know would perform and do the kind of job that ought to be done in a Smithsonian restaurant.

So that is where I am coming from, that overriding general principle. I thought it was a good decision when we originally made it, without regard to Marriott-LeRoy or whoever might be the successful bidder, but the principle that we would go outside, not self-finance; we would require somebody else to put up the money and put as much risk on them as possible and keep the Smithsonian in the museum business.
Mr. Adams. Senator Garn, I think one might express the range of policy choices that confronted the regents in January and that will, of course, confront them again in May, if they choose to take the matter up, as the following:

On the one hand you have a contract which was seen as being seriously disadvantageous in a number of respects; on the other end of that same continuum you have the danger of the Smithsonian finding itself involved in what might be called micro management at a level where we do not have the competent people to do it and where we were adversely affecting the restaurant itself.

Between those two one comes to a situation with all of its particulars where one has to make a judgment: Is the danger of micro management greater or is the danger of an adverse contract greater?

My understanding is that the regents decided in January that the terms that were offered were just not attractive enough even while recognizing with you the danger of us drifting toward greater involvement than was proper in the restaurant business. They may change that judgment, of course, if they choose. On the other hand, I think they may also find a course of action which keeps us out of the restaurant business and yet still says that that would have been a disadvantageous contract.

Senator Garn. And if I had been there I may have very well agreed that the particular contract being negotiated was not advantageous to the Smithsonian. That is why I wanted to divorce myself from that issue and go back to the principle. The regents went beyond saying this is not a contract we want to sign or get involved in, the negotiations have broken down, whatever. We don't often have disagreement on the regents; we thrash things out and go into a lot of detail and we have a lot of good discussion, but ultimately we usually end up voting unanimously on things.

I can't judge in hindsight, but I may very well have agreed. I can't imagine I wouldn't have said, OK, we don't like this one, but the principle of staying outside is a good one. And we are going to open it up. That is the point that I am trying to make. We went further than just saying we don't think this contract is a good one; we went to the extent we are going to move away from a principle we established a year before and we are going to self-finance and do it on a different basis.

I am glad you brought that up. It gave me another chance to emphasize my point. I would not go back to the regents and talk about a particular contract and reopen all of that, but I would like to talk about the principle of why we took a step beyond that to go internal self-financing rather than saying we keep the principle; we either try to negotiate a better deal with these people; or if we can't, we look elsewhere under that particular principle.

Mr. Adams. I think we have found unanimity once again, Senator Garn. I completely agree with that.
Senator McClure. Thank you, Senator Garn.

Let me make a very brief statement of what I understand some of the facts to be and then ask you to keep the committee advised as to what you do and again to provide the documents that you have so far developed.

My understanding is that about 1½ years ago you started this process and after some of the negotiations which we have discussed in some detail and others which haven't been discussed the Smithsonian decided to build the restaurant through the use of trust funds or by borrowing the money directly rather than the financing arrangement that was first sought in the bid solicitation.

The reasons given by the Smithsonian, as I understand them, are that Marriott figured financing costs at 14 percent while the cost of money was not that high; that Marriott wants total control over menu and pricing; and if the Smithsonian were to terminate the contract prior to the end of 25 years the Smithsonian would have to pay Marriott a return on its investment equal to what Marriott would have made on other investments.

The Smithsonian does not plan to operate the restaurant once built, and they have encouraged Marriott to enter into competition for that activity, as Marriott manages most of the food services for the Smithsonian now.

Marriott tell us that they will give the Smithsonian the economic benefit of lower interest rates through increased rent; that they will have a review committee to work out differences on menu and prices; and that the Smithsonian would be liable for buy-out only if the lease were terminated without cause; if it were terminated with cause, the Smithsonian would be liable only for the book value of the facility.

That is the background of information which has been provided to me. If you would provide for the record the instruments that I have asked for together with whatever statement you would like to make for the record on that subject.

Mr. Adams. We will do so.

[The information follows:]
SMITHSONIAN INSTITUTION
PROCEEDINGS OF THE MEETING OF THE BOARD OF REGENTS
September 17, 1984

SUMMARY OF PROCEEDINGS

Calling the meeting to order the Chancellor welcomed Mr. Adams to his first Regents' meeting and also welcomed the new Treasurer, Miss Leven. Mr. Ripley notified the Regents that Regent Emeritus Dr. Jerome C. Hunsaker, who had been a Regent from 1949 to 1968, died on September 10, 1984 at the age of 98. The Regents expressed their regret and asked Mr. Ripley to convey their condolences to Dr. Hunsaker's family.

Report of the Executive Committee

Mr. Humelsine noted that, in response to a poll taken of the Board through the mail, it was unanimously

VOTED that the Board of Regents confers on Secretary S. Dillon Ripley the Order of James Smithson in recognition of his singularly outstanding service to the Smithsonian and awards to Mary Livingston Ripley the Henry Medal in recognition of her extraordinary contributions to the prestige and growth of the Institution.

The Executive Committee met on August 22, 1984 to discuss and approve the proposed agenda for the Regents' September 17 meeting.

Discussing the Financial Report, Mr. Jameson pointed out that the Institution has been hard-pressed to absorb the costs of legislated pay raises in the current fiscal year, but this goal had been met through the stringent application of personnel lapse savings and closely monitored expenditures. He suggested that delayed House-Senate conference action on the fiscal year 1985 appropriations may force the Smithsonian to operate under a continuing resolution in October and that the Institution would undoubtedly need to reprogram its Federal resources in the event any across-the-board cuts are imposed by either the Congress or the Administration. The Committee discussed the new wording in the proposed Regents' resolution approving the fiscal year 1985 nonappropriated funds budget; the revised wording affords a reasonable degree of flexibility for mid-year adjustments to trust fund expenditures while making it clear that the Regents shall be informed of all significant actions. Miss Leven reviewed the Investment Policy Committee report and expressed hopes of presenting updated figures in September which will reflect improved endowment performance as a result of the positive market conditions prevailing since June 30.

Discussing the draft Five-Year Prospectus, Mr. Jameson observed that the projected Federal operating budget increases are largely attributable to pay costs and utilities. The Committee discussed the difficult decisions which will need to be made with respect to the large renovation and construction costs projected during the planning period. The Secretary observed that donated funds may offset these requirements to some extent, as in the potential donation for the Smithsonian Tropical Research Institute discussed elsewhere in the agenda. In other discussions the Committee considered the dilemma of pursuing expansion plans for the Cooper-Hewitt Museum while simultaneously facing the need to bring the Museum's existing facilities up to Smithsonian standards.
Report of the Audit and Review Committee

The Audit and Review Committee of the Board of Regents met on May 24, 1954. At Mr. Acheson's request Dr. Challinor gave a presentation on the history, current operations, and future plans of the National Zoological Park. In discussion Dr. Challinor characterized the National Zoological Park as one of the largest bureaus of the Smithsonian in terms of its facilities, budgets, and public visitation, and ranked the Zoo among the ten best in the world in terms of the quality of its programs.

Coopers and Lybrand presented their plan for the audit of fiscal year 1954 appropriated and trust funds, which plan does not vary significantly from the prior year's audit. They observed that a limited amount of rotation of the experienced engagement personnel will provide an appropriate balance between continuity and fresh perspective.

Ms. McClelland gave a brief overview of the organization of Smithsonian business activities and history of the Institution's product licensing. The Business Management Office is beginning to revitalize the product licensing program in the strongest areas of Smithsonian collections, such as textiles. She described the variety of potential products, the criteria used in selecting companies, and the Institution's controls in product selection and contract monitoring.

Mr. Hughes reviewed the steps taken by the staff to improve food services at the Smithsonian museums, highlighting the need for a new facility at the National Air and Space Museum and for improved facilities and service at other museums. He informed the Committee that the Secretary had accepted the staff panel's recommendation that the joint venture of Marriott-LeRoy be awarded a contract for all of the operations. Mr. Hughes and Mr. Jameson then discussed the range of Smithsonian controls which would be specified in a negotiated contract with the concessionaire and those which will result from the Institution's more professional oversight of food services.

Financial Report

Fiscal Year 1954: A supplemental appropriation of $1,420,000 has been approved for increased Federal pay costs. Revenues generated by the auxiliary activities, particularly the Magazine, the Museum Shops, Mail Order and Smithsonian Press, are running well ahead of budget. Net income for the year to Unrestricted General Trust funds is projected to total over $20 million, providing additional support for important administrative and program needs and enabling the transfer of an additional $500,000 (for a total of $3 million) to unrestricted endowment.

LETTER FROM PHILLIP S. HUGHES, UNDER SECRETARY, SMITHSONIAN INSTITUTION

March 27, 1955

Joseph A. Califano, Jr., Esq.
DeWeY, BaLLANTINE, BuSHBY, PaLMER & Wood
1775 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

Dear Joe,

Secretary Adams asked that I reply to your letter of March 18, 1985. Our lawyers are giving careful study to your memorandum. Their initial opinion to me is that no contract exists between Marriott-LeRoy and the Smithsonian.
They base this conclusion on the same May 29, 1984, letter upon which you rely. We feel, however, that the final phrase "... pending conclusion of a satisfactory contract" is the operative portion of the sentence, clearly evidencing the fact that all of the essential terms had not been accepted by the Institution. Moreover, the proposal submitted by Marriott-LeRoy Enterprises on March 15, 1984, states: "At the conclusion of contract negotiations, the Marriott-LeRoy board reserves rights of approval for the final contractual terms." I think it quite clear that both sides expected to negotiate and did negotiate, with the clear understanding that there would be no contract until those negotiations were successfully concluded and approved by management for both sides.

Subsequent action at the bargaining table reinforces this belief. For example, in July 1984 both sides agreed to focus only on the financial aspects of the agreement, stating that without agreement on that critical matter no deal was possible.

The effort put forth by Marriott-LeRoy over the spring and summer was intended to come to a fuller understanding of the total investment required to upgrade all of the Smithsonian's eating facilities as well as to arrive at a design and cost figure. This was necessitated because the March 15 proposal from Marriott-LeRoy although purporting to cover all eating facilities was in fact limited to the National Air and Space Museum and to the National Museum of American History and did not include plans or financing for the other restaurant facilities. Without this detailed knowledge, it was impossible to get a clear idea of the level of investment required.

The Secretary has written Bill Marriott about this matter and I am enclosing copies of his letters of February 20 and March 12 for your information. While we do not feel that any contract exists, as our March 12 letter recognized, we are aware that there may be LeRoy, Marriott, or Marriott-LeRoy expenses.

By the way, the putative groundbreaking ceremony which you mention was cancelled after our attorneys reminded us that we were getting ahead of ourselves because there was no contract to be celebrated.

If you feel it would be useful, I'll be happy to meet and discuss this with you.

Very truly yours,

Phillip S. Hughes
Under Secretary

LETTER FROM ROBERT McC. ADAMS

12 MARCH 1985

Mr. J. Willard Marriott, Jr.
Marriott Corporation
Marriott Drive
Washington, D.C. 20058

Dear Bill:

I have just returned from an overseas visit and have only now had an opportunity to consider your letter of March 4, 1985. Although I sincerely regret your disappointment in our decision to rebid the food service contract, this decision was reviewed and approved by our Board of Regents. With this decision made, we will go forward with our plans to seek
operators of our restaurant concessions, and we welcome your participation in this process. We have noted with pleasure the special efforts your staff assigned to the Institution have made toward improved service.

I can assure you that from the beginning of this project the Smithsonian has acted fairly and in good faith to all vendors, particularly Marriott-LeRoy.

Although I regret the expenses incurred by Marriott-LeRoy in preparation of its proposal, you will appreciate that the Institution also spent considerable sums throughout the process as well. Should you feel that Marriott-LeRoy is entitled to reimbursement for a portion of their expenses, please submit the details to the Office of Supply Services, attention Robert P. Perkins, Director, OSS. I have advised Mr. Perkins to expect a call from your office.

I recognize the long-term contribution made by Marriott to the Smithsonian and I hope that the current matter will not adversely affect our ongoing relationship.

Sincerely,

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Robert McC. Adams
Secretary

LETTER FROM J.W. MARRIOTT, JR., MARRIOTT CORP.

March 4, 1985

Mr. Robert McC. Adams
Secretary
Smithsonian Institution
Washington, D.C. 20560

Dear Bob:

I was greatly disappointed to read your February 12, 1985 letter stating that a decision had been made to rebid the Smithsonian contract. I believe that our Marriott-LeRoy venture has been treated very unfairly.

Throughout the negotiations we have acted in good faith and have expended substantial time and money. To now be told that we must start over, with no credit whatsoever for all that has been done to date, is not right.

I realize that you have not been involved until recently and therefore may not be familiar with all that has taken place. We have provided food service for the Smithsonian since 1964. In June 1983, under
emergency conditions, we were asked to take over the Air and Space Museum food service which had been operated by the Smithsonian for two years. On very short notice, we supplied the necessary management and resources required to resolve the problems and change a very poor facility into a quality and profitable operation. We did this at our cost with no profit during the peak season until October when we formally took over management under one of the existing contracts. Since 1972 we have invested over $3,000,000 in improving Smithsonian facilities, such as the Palm Court.

Because of our long relationship with the Smithsonian we had no hesitation in submitting a bid, in conjunction with Warner LeRoy, when bids for the new facilities were solicited in early 1984. The Marriott-LeRoy bid was selected over all other bids subject only to negotiation of a definitive agreement.

During the negotiations the Smithsonian asked us to provide extensive and costly services including a development and operations team on location, considerable architectural designs and concepts, construction estimates and marketing research. We were hesitant to expend such substantial time and cost at that stage, and so indicated. However, the Smithsonian insisted and, we reluctantly agreed to proceed, based upon our understanding that every one was acting in good faith to finalize an agreement.

We bid the contract on specified terms and conditions. After negotiations were under way, the Smithsonian changed the terms asking for substantially greater investment and a higher rental. Even so, we continued our efforts to come up with a viable project. We think we did everything that could be reasonably expected in an effort to accommodate the Smithsonian. We are now faced with the prospect of having to bid against others who have not made such contributions.

Since May of last year, Marriott-LeRoy has incurred expenses in excess of $500,000 on this project including over $220,000 in architectural costs. We have relocated employees and have expended much management time and effort in working with the Smithsonian to design the best facilities possible for a very complex project. Most of what we have done to date will benefit the Smithsonian if it rebids.

Lastly, we submitted an opinion of outside counsel that the Smithsonian has no legal obligation to rebid. Apparently your legal counsel agrees.
However, it appears that a decision to rebid has been made, not for legal reasons, but because it would not be fair to parties who did not bid because they were not willing to make an investment. I admire your desire to be fair but believe you are being extremely unfair to Marriott-LeRoy.

We would strongly prefer to proceed with the negotiations and not rebid. If this does not seem possible, I would like to visit with you as our investment in time and money is very substantial. Additionally, Warner LeRoy is pressing us to initiate legal action. We would like to avoid this if possible. If you desire, I would like to meet with you to see if we can't work out an acceptable solution.

I'll ask my secretary to call yours and the sooner we can get together the better. At your suggestion, I've counted to ten many times but it doesn't seem to be doing me any good.

Sincerely yours,

J.W. Marriott, Jr.

LETTER FROM ROBERT McC. ADAMS

February 20, 1985

Mr. J. Willard Marriott, Jr.  
Marriott Corporation  
Marriott Drive  
Washington, D. C. 20058

Dear Bill:

The memorandum from your legal counsel has had our serious attention. But the main product of our reflection has been the conclusion that the issue involved in whether or not we need to call for a new round of bids is one on which narrowly legal considerations are somewhat tangential rather than central. As important, or in fact more important, are commitments we and our Regents have expressly made to the Bill, the reinforcement of a posture of openness in our contractual arrangements and practices of procurement, and the very real possibility of legal liability if we were to pursue any course other than issuing a new RFP. These considerations are summarized in the attached memorandum from our own Office of General Counsel.

I have to tell you that I find this case compelling — so compelling that I cannot justify seeking an outside opinion that might, as in the case of the advice you were already given, once again gravitate to the purely legal considerations rather than the ones on which my own decision must primarily turn.
It is with real regret, but with no remaining doubt as to what must be done, that I can only reconfirm the decision of our Regents that was already reported to you earlier. We hope that you and Warner LeRoy, in whatever combinatorial form best suits your needs, will take a deep breath, count to ten (several times if necessary), and then decide to enter the rebidding process. But all the surrounding circumstances make it necessary for the Smithsonian to call for new bids rather than to continue with our prior negotiations.

Sincerely,

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Robert McC. Adams
Secretary

MEMORANDUM

February 19, 1985

TO : Mr. Robert McC. Adams
Secretary

FROM : Office of the General Counsel

SUBJECT: Competition in the Procurement of Smithsonian Food Services

On February 6, 1985, you received a legal opinion from the Marriott Corporation which states that the Smithsonian is not required, by federal procurement laws, to resolicit proposals for food services at NASM and elsewhere, notwithstanding the change in the financing necessary for capital improvements from contractor-financing, as required in the original solicitations, to Smithsonian-financing. From this absence of federal restraint, the opinion concludes that the Smithsonian is free "to negotiate and contract on any basis it desires" including "continuing prior negotiations with Marriott-LeRoy with a change in terms." (Emphasis supplied) You have asked what other questions of law and policy might be involved in this situation.

The aforesaid opinion notes that the Comptroller General, in 1961, recognized that, with regard to trust fund procurements, the Regents "have plenary authority to enter into whatever leases or concession arrangements they may deem proper for the accommodation of the public." However, this discretion is not unfettered, since the Smithsonian is a public trust. In the exercise of their trust responsibilities, the Regents have long recognized
that prudence requires a substantial degree of competition in major trust fund procurements, as a matter of good business practice, as well as fairness. Thus, when Marriott was selected to run the food service facilities in the Museum of American History when it opened in 1964, it was a result of a competitive request for proposals.

At their meeting in September 1983, the Regents received and approved a report "to develop plans for the selection of one or more concessionaires (through open competitive bidding) upon the expiration of the present contracts, and to continue planning for the construction of a restaurant addition to NASM to meet public needs." On October 21, 1983, the Secretary of the Smithsonian wrote to the Chairman of the House Subcommittee on Appropriations, with regard to the proposed NASM restaurant, "We hope and expect to solicit competitive bids from private enterprise for the restaurant facilities." In December 1983, the Smithsonian issued a request for proposals to operate Smithsonian food facilities, with the critical requirement that the successful bidder must provide all the capital to construct and renovate the restaurants (including the new NASM facility).

Of the fourteen vendors that initially expressed interest in the competition, at least two stated in letters that they declined to submit proposals because of the heavy financial commitment. One of these added: "The Corporation wishes to remain on the potential bidders list in the event that time and circumstances would require a new or revised solicitation."

In rejecting the proposal of a third firm, which had offered only partial construction funding, the Smithsonian Contracting Officer wrote: "However, should the Smithsonian decide to change its present position and consider providing funding of the construction, Inhilco will be advised and offered an opportunity to compete."

When negotiations with Marriott/LeRoy failed to produce a mutually acceptable agreement, the Regents, at their January 1965 meeting, approved discontinuing the negotiations and authorized "the planning, design, and construction of food service facilities on the basis of direct Smithsonian financing" in order to "encourage a larger number of qualified vendors to compete for the assignment," "allow the Institution to enter into shorter
contracts," and "permit the selection of two or more vendors to encourage on-site competition." It was further stated that "Marriott and/or LeRoy will be given an opportunity to compete for future operations."

It seems clear from the profound effects of the change from contractor-financing to Smithsonian-financing that dealing with Marriott/LeRoy under the new terms would not be "continuing prior negotiations" but requesting a substantially new proposal, without competition. Certainly such action would be so perceived by other interested vendors, and probably by the Congress. Given the expectations of the Regents and the considerations of law and policy, noted above, on which those are based, it appears that you are not free to proceed with the new NASM restaurant and the other renovation projects without issuing a new competitive request for proposals.

LETTER FROM ANN R. LEVEN, TREASURER, SMITHSONIAN INSTITUTION

January 28, 1985

Mr. Francis W. Cash
Executive Vice President
Marriott Corporation
Marriott Drive
Washington, D.C. 20058

Mr. Warner LeRoy
President
LeRoy Services, Inc.
317 East 64th Street
New York, NY 10021

Re: Construction, Renovation and Operation of Smithsonian Food Service Facilities by Marriott-LeRoy Enterprises

Gentlemen:

Thank you once again for your October 26, 1984, revised final proposal and for meeting with John Jameson and me on December 20th. After a great deal of careful consideration, we have concluded that your proposal, especially in the areas of the contract term, the control or review of pricing, menu and staff, and the buy-out provisions, does not meet our long-term objectives as stated in our solicitation or the draft contract we submitted to you on September 12, 1984. It is our conclusion that the renovation and construction of the facilities, providing high quality food to the museum visitors and a reasonable financial return to the Smithsonian can only be met if alternate capital improvement approaches are considered by the Institution. The current financial environment may permit an approach which we believe would be of substantial long-term benefit to the Institution and any concessionaire.

Accordingly, please be advised that further negotiations with Marriott-LeRoy Enterprises will not be scheduled. We are also canceling the RFP of December 19, 1983, as well as our
letter of May 29, 1984, which notified you of Marriott-LeRoy’s selection to negotiate an agreement to construct, renovate, and operate Smithsonian’s food service operations.

In the weeks ahead, the Smithsonian will once again undertake a review of its food service needs and financing alternatives. In so doing, we will develop new criteria for the selection of food service operators. Upon completion of these tasks, you will again have an opportunity to submit a proposal to operate our facilities.

We deeply appreciate the time and effort expended by both your organizations during the past months in seeking resolution of the complex and important issues raised during the discussions. I regret that a mutually agreeable outcome could not be achieved.

Sincerely,

Ann R. Leven
Treasurer

LETTER FROM J.W. MARRIOTT, JR., PRESIDENT AND CHIEF EXECUTIVE OFFICER, MARRIOTT CORP.; AND WARNER LEROY, CHAIRMAN, LEROY ENTERPRISES

March 15, 1984

Mr. John W. Cobert
Office of Supply Services
Smithsonian Institution
Washington, D.C. 20560

Dear Mr. Cobert:

Marriott-LeRoy Enterprises is pleased to present our joint venture proposal to provide funds for construction and to operate the combined Smithsonian Institution food service operations. The Marriott-LeRoy organization brings to the Smithsonian Institution: innovation; financial strength; excellence in operation expertise; and most importantly, the personal commitment of Mr. J. W. Marriott, Jr. and Mr. Warner LeRoy. We sincerely believe our proposal offers the Smithsonian Institution the ability to become the single most individualized and dynamic volume food service operation worldwide.

We would be privileged to serve the Smithsonian Institution and look forward to the opportunity to personally discuss our proposal at your convenience.

Sincerely,

J. W. Marriott, Jr.
President and Chief Executive Officer
Marriott Corporation

Warner LeRoy
Chairman
LeRoy Enterprises
PROPOSAL FOR THE COMBINED SMITHSONIAN INSTITUTION FOOD SERVICE OPERATIONS

Marriott-LeRoy is making a total financial commitment to the Smithsonian Institution of $44.4 million based on our projected sales over a 16-year term, assuming that contract options are exercised: $21.8 million in commissions; $18.2 million in investment for new facilities ($3.9 million in the National Museum of American History, including $1 million of current unamortized buyout; $13.3 million in the National Air and Space Museum; and $1 million in the National Museum of Natural History), and $4.4 million in capital reinvestments. A summary of the investment, by museum facility, and a schedule of commissions are included under Pro Forma Financial Assumptions (Part 5 of this document).

We realize the $18.2 million investment commitment is in excess of the Smithsonian Institution bid specification requirements. However, we feel this amount of investment is required in order to bring the foodservice facilities up to the Smithsonian tradition and standards. This investment in facilities will greatly improve service, sanitation, and our ability to attract and serve more visitors.

Marriott-LeRoy anticipates increased visitor traffic at the Smithsonian due to the amount of D.C. renewal and new development. Furthermore, we anticipate increased participation in Smithsonian foodservice facilities as a percentage capture rate as well as an increased number of visitors. Increased participation will depend on the innovativeness, quality and projected image of the foodservice facilities. Marriott-LeRoy has taken an aggressive stance to dramatically change a presently institutionalized foodservice operation into a vibrant part of each museum's own personality. We agree that the Museum's food services should be an extension of the entire museum.

To Marriott-LeRoy this is where the great opportunity exists. Through creative, but functional design each museum foodservice facility will become a spectacle in itself and a "must visit" spot on the visitor's agenda. This increased participation will generate greater sales and commissions.

We wish to point out that we have taken a heavy investment posture due to comments from Smithsonian officials saying that quality service is more important than commissions; and we agree. If, however, Marriott-LeRoy has misread or overreacted to the quality improvement concerns, and indeed short-term commissions are of equal or greater importance to the Smithsonian Institution, additional commissions would be available with reduced investment. At the same time we wish to go on record saying that the Marriott-LeRoy recommendation is concept design, facility improvements, and quality service upgrading as opposed to short-term commissions.

At the conclusion of contract negotiations, the Marriott-LeRoy board reserves rights of approval for the final contractual terms.
Senator McClure. The Board of Regents has authorized a major fundraising campaign to expand and renovate the Cooper-Hewitt Museum at an estimated cost of $23 million. This museum was acquired in the 1960’s without congressional authorization. Subsequently questions were raised by this subcommittee about the propriety of the Smithsonian’s undertaking the operation of a new museum which would require Federal support lacking congressional approval.

Quoting from a General Accounting Office report issued March 31, 1977:

At the time the agreement was signed (between the Smithsonian and the Cooper Union) the Smithsonian’s stated policy was that the museum would be supported by the community of interests which it served in New York and elsewhere. The direct and indirect costs to the Smithsonian would be kept to the minimum necessary to maintain administrative control and policy direction of the museum’s future course.

In 1972 the Andrew Carnegie Mansion and the adjoining Miller House were given to the Smithsonian and it is in these facilities that the Cooper-Hewitt Museum is currently located. Renovation of the Carnegie Mansion was funded with trust resources and more than half of the Cooper-Hewitt operating budget is still derived from trust funds.

Since the spring of 1982 plans have been underway for the construction project. An architectural firm was hired and professional fundraisers have been retained. It was not until the September 1984 board meeting that the regents decided to seek Federal funding as opposed to raising all of the funds privately. Now it is felt that private funding of the project through the fundraising program now underway will be prejudiced irreversibly if there is not a timely indication of Federal support.

Secretary Adams, I might choose to rephrase that last sentence. Precipitous action by the Smithsonian, first in obtaining the museum and now in launching a fundraising drive for major expansion and renovation, may irreversibly prejudice any attempt by the Congress to view this project in an unbiased manner.

The terms of the Carnegie gift allow the Smithsonian to sell the property if it becomes necessary, at which time the Smithsonian would be reimbursed for all renovation work done to date.

Rather than promising Federal support, why not use the threat of having to divest the Smithsonian of this property should the New York community not provide sufficient support for the renovation?

Mr. Adams. You raise a number of complex issues, Mr. Chairman. Let me respond in a very general way and then I would like to call on Mr. Dean Anderson, who I think is more familiar with some of these details.

Obviously I was not involved in the process by which the Cooper-Hewitt came to the Smithsonian. I think like a lot of other activities in which the Smithsonian has been engaged there were changes in the
concept throughout the time that something went forward and there were also changes in matters of funding during all of this period.

I might point out that there was never any specific authorization sought at the time that the Natural History Museum was built. The process of seeking specific authorizations is one that has become steadily more common, and looking at things from the perspective of 1985, I can't imagine that one would have taken on the Cooper-Hewitt Museum without having had such an authorization. It is another question what the perspective would have been in the late 1960's when this was done.

I don't think that the initial action, nor for that matter even the statement of the GAO about the initial concept, covers what has evolved since in the sense that Federal appropriations have been offered for many of the services carried on in the Cooper-Hewitt Museum. Those have continued through the years. I think there is something that has evolved that is rather different than the initial GAO statement.

ACCREDITATION

I think there are two other general statements I would like to make and then I would like to call for supplementation from Mr. Anderson.

The first is that the Cooper-Hewitt Museum is, in our view, the national museum of design. It contains collections of great importance to the Nation in the field of design: building design, architectural design, furniture design, textile design. It is a working museum which serves a very important purpose for people in these fields and which, if we didn't own it, would have to find another owner. It is not something to be bartered away or cast into discard; it is something which we regard as very important to our own sense of what the Smithsonian is all about.

Second, it is badly in need of the kinds of improvements that are anticipated within the framework of the funds which we are seeking. It cannot receive accreditation from the American Association of Museums in its present form. It is an inferior installation as a museum that needs this kind of money in order to meet minimal standards of museum operation.

FUNDRAISING

I have personally been involved in discussions with the fundraising committee of the Cooper-Hewitt Museum and have convinced myself, as indeed our professional fundraisers have become convinced, that if the impression were to circulate that the Smithsonian regarded the Cooper-Hewitt Museum as sort of a hostage to fortune to be bargained away, the chances of raising this money, or raising any of it from the private sector of New York, would practically disappear. It is only a sense of responsibility for a national museum of design that I think creates the possibility of this being put together.

Senator McCLURE. I think it can be argued on the other side almost as forcefully and perhaps more persuasively from our standpoint that
the more the Federal Government is willing to pour into it the less the private sector will, because they don't have to in order to maintain it if the taxpayers will pick up the slack.

Isn't it fair to say that so far as support of museums is concerned New York City is a far more fertile area to raise private and corporate support than any other city in the Nation?

Mr. Adams. It probably is true, Mr. Chairman, in some sense. But on the other hand, I have been following with great interest the news columns and editorials from New York newspapers currently over the very sad state of affairs of the Museum of the American Indian there, which is clearly on hard times and has been for a great many years. One can think of several other museums that I won't mention which are well known to any of those in the museum world that are in serious trouble in New York.

The claims on people of wealth in New York for the support of museums are also greater. I think one has to see that as a potentially fertile field for fundraising, yes, but also as a place where there are many conflicting claims for those funds.

RESTORATION AND RENOVATION PROJECTS

Senator McClure. The "Restoration and renovation" account lists projects in excess of $3 million scheduled for Cooper-Hewitt over the next several years. Are these in excess of the $23 million project, or will they be cancelled if the major project proceeds?

Mr. Anderson. I might speak to that briefly, Mr. Chairman, but I think Tom Peyton, Director of our Office of Facilities Services, might have more detail. In fact, I might simply yield to him at the outset.

Mr. Peyton. Mr. Chairman, with respect to the proposed projects, several of those projects are redundant. We would propose to put them on hold and if the $23 million project becomes authorized, at that point we would cancel them. None of the proposed projects are in the budget year currently under consideration.

Senator McClure. Could we have a listing of which ones are redundant?

Mr. Peyton. Yes, sir.

Senator McClure. If you would provide that for the record, please.

Mr. Peyton. Yes, sir.

Mr. Adams. Mr. Chairman, I should point out that we are not seeking an appropriation for this purpose in the current year. My discussions with the committee that is willing to assume responsibility for the fundraising campaign in New York led me to understand that they needed some earnest Smithsonian interest and interest in Washington in the maintenance of those collections, and the authorization was that evidence of interest that they were seeking.

Senator McClure. I agree that there is no money now, just a promise for the future.

Mr. Adams. The question of the appropriation is one in which I would expect many of these same issues to come out again.
[The information follows:]

R&R projects at the Cooper-Hewitt Museum

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<thead>
<tr>
<th>Project</th>
<th>Fiscal year</th>
<th>Estimate</th>
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</thead>
<tbody>
<tr>
<td>Emergency generator</td>
<td>1987</td>
<td>$45,000</td>
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<tr>
<td>Utility systems study, Miller House</td>
<td>1987</td>
<td>35,000</td>
</tr>
<tr>
<td>Elevator improvements, Miller House</td>
<td>1989</td>
<td>10,000</td>
</tr>
<tr>
<td>Disabled access, mansion ramp</td>
<td>1989</td>
<td>10,000</td>
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FREER EXPANSION AND RENOVATION

Senator McClure. The Smithsonian seeks a total of $7 million for fiscal years 1986 and 1987 for expansion and renovation of the Freer Gallery of Art. Mr. Secretary, part of the initial justification for construction of the quadrangle was to provide expansion of programs for the Freer Gallery of Art. Will the quadrangle still fulfill that purpose?

Mr. Adams. I think I will ask Mr. Anderson to respond to that.

Mr. Anderson. Yes, indeed, Mr. Chairman. There are a number of things that the quadrangle would do, specifically the Sackler Gallery of Art, to the benefit of the programs of the Freer: expanded opportunities for research, additional space for visiting scholars, improved opportunities for conservation of the joint collections.

About the only thing that the Sackler portion of the quadrangle will not do for the Freer is provide additional storage space for Freer collections per se, or additional exhibition space for those same Freer collections, because under terms of the will they may not leave the building.

Senator McClure. The justifications routinely provide 5-year planning estimates for renovation and construction projects. Neither the fiscal 1983 or 1984 justifications made any mention of major Freer Gallery construction. The fiscal year 1985 justification identified $2 million to be sought this year for design and construction and indicated that would be the total cost of the project through fiscal year 1989.

The original project was to convert 24,000 square feet of basement space to provide additional space for exhibitions, conservation, and collection storage. The expanded scope of the project seeks to excavate two-thirds of the courtyard and construct two stories underground which would provide 8,000 square feet at a cost of $5 million.

Additionally, approximately $4.6 million will be requested in the "Salaries and expense" account to provide furnishings for the renovated and newly constructed space.

So what appeared last year to be a $2 million project will now cost $11.6 million. By our calculations, the renovated space will cost about $83 a square foot, while the newly constructed space would cost $625 a square foot. What changes in the current proposal would the Smithsonian make if we were to approve just the renovation of the basement, which would save us $7.3 million over a couple of years?

Mr. Anderson. We have been looking at the Freer Gallery of Art for a number of years. I think it was back in the late 1950's, in fact, that the first study was conducted to see how we might expand the space available for the Freer collection.
In 1981 the 5-year plan that the Institution published at that time spoke to the possibility of enclosing the courtyard of the Freer from above. We subsequently conducted some engineering studies of the feasibility of doing that and discovered that the cost would be prohibitive for the amount of space it would capture. The interior walls of the courtyard are not load-bearing walls, and there would have to be a significant amount of engineering work done.

Subsequently, in our fiscal year 1984 5-year plan, having done additional studies and by that time the quadrangle having been laid out in its design, we concluded that excavating the remaining two-thirds of the dirt under the courtyard, providing two levels of space, would be a much more cost-effective way of proceeding to capture the kind of collection storage space that we have been seeking for the Freer for a long time.

THE FREER-SACKLER LINK

Mr. Adams. Senator McClure, if I can break in here with an additional and more general answer. Candor compels me to say there have to be two parts to our answer. It would be a disaster if there were no tunnel, no link between the Freer Gallery and the new Sackler collection. These are both major collections in the same area; they depend upon the same staff in large part; the library, the conservation facilities require movement back and forth between those two. Not to speak of the fact that the same visitors who go to one will certainly be interested in the other set of collections. The absence of that part of this funding which would provide for a useful link between those two buildings would be incredibly foolish, in my judgment.

The question of the excavation of the remainder of the courtyard and the additional storage and exhibit space that we would get from this process is one where we are seeking to take advantage of an opportunity that is a one-time opportunity and that will exist at the time that this link is put into construction. It is not, however, a matter that would have such dire consequences for us if it didn't go forward.

Senator McClure. It appears to me that, yes, the opportunity is there and it is less costly to do it now than it would be at any other time, but it is still extremely costly space, is it not?

Mr. Adams. I guess that would have to be said. It is deep excavation under an existing building.

Senator McClure. That additional space costs you about nine times as much as the other space you are getting on a square-foot basis; is that not correct?

Mr. Adams. Maybe we could call on Mr. Peyton.

Mr. Peyton. I'm not sure that that is a fair comparison. Perhaps a closer one would be of the construction of the quadrangle itself, which is roughly around $200 a square foot.

Senator McClure. So then it is only three times as much as the quadrangle.
Mr. PEYTON. Yes, sir.
Senator McClure. That still doesn't sound like much of bargain.
Mr. PEYTON. It is all related to need and opportunity.
Senator McClure. I remember when they were talking about needing to feed the visitors to the Capitol and they were talking about excavating the west front of the Capitol to put restaurants underneath the terraces out there. It would be the most expensive restaurant space in the world. Congress could not find it in its heart to do that to the taxpayers of this country. I'm not sure that your opportunity assessment is very accurate.
Mr. PEYTON. I would point out that this need relates to the basic programmatic functions of the museums.
Senator McClure. Those are nice words, but it is still three times as costly as the other space you have, which is admittedly high cost space already. You could do almost anything else anywhere else at far less money, at far less expense; isn't that correct?

TERMS OF THE FREER WILL

Mr. ANDERSON. If I might, Mr. Chairman, for many, if not all of our other bureaus, that would be absolutely true. The terms of the Freer will stipulate that objects may not leave the building, and there are precious few ways that one can capture additional space in that historic landmark structure.

Senator McClure. Just stop buying new objects for it then. Buy them for something else or put them in another building to start with. What you are telling me is you have got a one-way door. You can take things in but you can't take things out.

Mr. Anderson. We can take them in in a very measured way, Mr. Chairman.

Senator McClure. Once they are in there you're stuck, you can't ever take them out again. What you are telling us is that you desire to take things in there even though it forces you into very uneconomic expenditures to house them there afterwards.

Mr. ADAMS. But there is more going in, Mr. Chairman, than simply objects that become part of those collections. The conservation facilities need to be integrated for these two collections. Objects can come in from the Sackler collection and be treated in those conservation laboratories and go back out again.

Senator McClure. But you can't take them out someplace else for conservation.

Mr. ADAMS. We can't take material from the museum out into the Sackler collection.

Mr. Chairman, it may be that we should hear from Mr. Tom Lawton who directs the Freer Museum and get his own views, if you are willing, as a matter of this record on what the importance is of the additional space.

Mr. LAWTON. Mr. Chairman, in accepting the gift from Mr. Freer the Smithsonian acquired a museum which Mr. Freer paid for; they ac-
quired a collection which is one of the finest collections of oriental art in the world and an endowment on which we have lived for more than 60 years.

I think after having received this extraordinary bequest if we were for means of expediency to overturn the terms of that bequest we would place ourselves in a very awkward situation in dealing with our new donor. Dr. Sackler, or indeed any donors who might consider becoming involved with these new museums. They might feel that in due course similar changes would be made in the bequests that they made in a very serious manner. So I think the suggestion that we might change the operation of the Freer will in a very basic way is not a well founded one.

Senator McClure. I don’t understand that the additional space is essential to the original collection or the original will.

Mr. Lawton. We continue to acquire objects from the income from the Freer bequest.

Senator McClure. And those are subject to the same terms: They can go in the building but you can’t let them leave.

Mr. Lawton. That’s true.

Senator McClure. Can you use the proceeds of the will to provide the facilities that are necessary to maintain them?

Mr. Lawton. We do. Some of the income from the bequest is used in part for the maintenance.

Senator McClure. How about this $625 a square foot space?

Mr. Lawton. Even that would strain the income from the Freer bequest.

Senator McClure. Well, we’ve got a $200 billion deficit. It isn’t straining our income. Every dime we spend we’re borrowing, in effect, on discretionary expenditures.

Mr. Lawton. I simply think you can’t separate the Freer from the Sackler. They are one entity. Admittedly they will always be regarded as the Freer Gallery and as the Sackler Gallery, but for our purposes and for the operation of these museums they are one, and we simply have to have the ability to move back and forth with the objects and with people through the tunnel that we have been discussing.

FRÉER ACTIVITIES IN QUADRANGLE

Senator McClure. What Freer activities were planned to be moved to the quadrangle, and has the scope of these activities changed over the past 4 or 5 years?

Mr. Lawton. The scope has not changed, Mr. Chairman. We would be moving all of our administrative personnel, all of our curatorial personnel, our library, our archival activity, our photography staff. What would remain in a more expanded role in the Freer Gallery is the conservation, which is internationally famous and very specialized because of the nature of our collections.
Senator McClure. None of the work scheduled for the Freer is to be initiated until the quadrangle is ready for occupancy. The quadrangle project is currently about 2 months behind schedule and it will take some time to move Freer staff to the new building. Realistically, at what point do you foresee the beginning of the basement renovation project?

Mr. Peyton. We expect to award the contract in the spring of 1986 and give the contractor notice to proceed at the end of July 1986.

Senator McClure. Will the quadrangle be done by the end of March of next year?

Mr. Peyton. The construction of the building will be complete. There will be portions of the building that will be occupied. There will be portions of the building that we will have just received and are still checking out the air-conditioning and mechanical equipment.

Senator McClure. How about the space that will be occupied by the personnel from the Freer Gallery?

Mr. Peyton. The space to be occupied by the Freer personnel will be available for museum occupancy probably at the end of May.

Senator McClure. It will be available by the end of May, and then following that time they will have to move. How long is it going to take for the move to take place?

Mr. Peyton. Between the end of May and the end of July.

Senator McClure. So you think that 60 day period will be enough to get them relocated in the quadrangle?

Mr. Peyton. Yes, sir; the plan would be that they pack and be ready to move prior to the end of May. So subsequent to the end of May there would not be any packing involved but just the actual move itself.

Senator McClure. Thank you.

I have a number of other questions which I will submit for response in writing. I appreciate your responses in a prompt manner so we can deal with our budget requests. I appreciate your appearance and testimony here today.

Again, Dr. Adams, you are very welcome before this committee. We wish you good luck and many successful years in your job.

Mr. Adams. Thank you, Mr. Chairman. I am very appreciative of that.

[The following questions were not asked at the hearing but were submitted to the Institution for response subsequent to the hearing:]
ADDITIONAL COMMITTEE QUESTIONS

Two Percent Reduction

Question: As part of the budget request, the Smithsonian seeks across the board restoration of the two percent reduction applied to the Interior Appropriations bill last year. I am somewhat concerned by the tone of your justification which seems to imply that because the cut was assessed across the board, we didn't really mean it. According to the justification, the Smithsonian still hasn't recovered from the 4 percent reduction in fiscal year 1982. I would submit that the Smithsonian should have recovered by making some difficult decisions for long range planning instead of relying on annual increases.

Mr. Secretary, I don't know if you have had the opportunity to review the budget figures for the other 29 bureaus and agencies which are funded by this bill. but I have and the news is grim. Only three accounts -- yours, the National Gallery of Art and the Wilson Center have presented Congress with requested increases. The total increases for the other two amount to less than $500,000 while the Smithsonian requests $3.1 million to restore the across-the-board cut. and does not count it as a program increase. we may, indeed, say that it is a program increase and require more justification than has been provided. As some of the reductions amount to less than $50,000 for activity, it would seem that some absorption of the reduction is possible. Will you please ask your staff to review this matter and develop a priority list as to where the funds are most needed.

Answer: The two percent across-the-board reduction is having a detrimental effect on virtually all Smithsonian programs. In general, the effect in FY 1985 of this reduction in the Salaries and Expenses account is to cause deferrals of planned programs. The continuation of this reduction into FY 1986 would cause serious and permanent disruption to previously budgeted programs. The following list explains the relative importance of the two percent restoration by line-item within each major activity.

<table>
<thead>
<tr>
<th>SCIENCE</th>
<th>Bureau</th>
<th>Item/Amount</th>
<th>Rationale for Priority</th>
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<tbody>
<tr>
<td>1.</td>
<td>National Zoological Salary and Park Benefits</td>
<td>$40,000</td>
<td>In FY 1985 to accommodate the two percent budget cut, the Zoo delayed filling a number of positions. Next year, in order to fully support newly constructed facilities, such as the Veterinary Hospital at Front Royal (opening summer 1985), the Zoo will need to establish two Animal Keeper positions that rely on funds which were struck. This restoration is necessary for the continued operation of the collection management program at the Zoo, for the health of the collections under Zoo care.</td>
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<td>2.</td>
<td>Smithsonian Tropical Computer Research Specialist Institute</td>
<td>$25,000</td>
<td>Since 1981, a local consulting firm, BYTE S.A., has been responsible for installing, customizing and maintaining an administrative program which has not yet been completed, due mainly to the fact that STRI does not have in-house computer expertise. The scientific functions are also in great need of a Programmer/Analyst, as was recommended by an independent consultant, COMPUTER SOLUTIONS INTERNATIONAL. This critical hire has been delayed due to the two percent reduction. STRI is planning to terminate its association with BYTE, S.A. by September, 1985, and a Computer Specialist must be on board by then to assure the continued delivery of critical scientific and administrative data.</td>
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<tr>
<td>Ranking</td>
<td>Bureau</td>
<td>Item/Amount</td>
<td>Rationale for Priority</td>
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<td>3.</td>
<td>National Museum of Natural History</td>
<td>$196,000 Equipment</td>
<td>The cuts incurred in FY 1985 slowed NMNH's efforts to: replace obsolete scientific equipment; purchase new state-of-the-art multi-user instrumentation; and severely limited the Museum's ability to provide much needed computer equipment for staff and adequate storage equipment for the museum collections. Restoration of these monies will allow critical research programs to continue, and proper care to be given to the national collections.</td>
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<td>4.</td>
<td>Smithsonian Environmental Research Center</td>
<td>$39,000 Equipment</td>
<td>Due to the FY 1985 two percent reduction, equipment funds are substantially below the FY 1984 level. This will: a) limit the scope and accuracy in scientific investigations which state-of-the-art equipment would have provided (for example, before any significant research on bio-engineering can be initiated, sophisticated scientific equipment must be obtained); b) increase the time and effort required to accomplish data acquisition (much of the available state-of-the-art equipment comes with direct interface compatibility thus freeing work hours for more productive use), and; c) adversely affect the Center's equipment replacement program by delaying the purchase of much needed equipment, thus making it compete with future needs.</td>
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<tr>
<td>5.</td>
<td>National Zoological Park</td>
<td>$90,000 Equipment Purchase</td>
<td>In FY 1985 the Zoo reduced equipment purchases by $80,000. The items cut included health and medical equipment; scientific equipment; and vehicles. To insure the health and safety of the collection and to support the mission of the Zoo it is vital that the funds be restored in FY 1986. The equipment cut in FY 1985 included sterilizer, autoclave; incubator; microscopes and three vehicles.</td>
</tr>
<tr>
<td>6.</td>
<td>National Air and Space Museum</td>
<td>$40,000 Exhibits &amp; A/V Equipment Replacement</td>
<td>The exhibits within NASM rely heavily on the use of many types of audio-visuals. The use of this equipment adds interest and educational value to exhibits. Over the past nine years this equipment has undergone an enormous amount of wear and tear due to the length of service and high visitor attendance. Much of the exhibitions' audio visual equipment is in desperate need of replacement. The Museum is only able to afford to fix and patch the equipment for short-term operation. The $40,000 reinstatement is crucial to the continuance of audio-visual presentations throughout the Museum.</td>
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<td>Ranking</td>
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<td>7</td>
<td>National Museum of Natural History</td>
<td>$155,000 Publication Support</td>
<td>The results of the research by the staff of the National Museum of Natural History are made available to the scientific community by means of publications. Currently, the SI Press has manuscripts to be published in the SI Contribution Series, which will be ready to go to GPO in FY 1985 with publication costs totalling $247,000. In addition, there are other manuscripts in the mill that will be ready to go to the GPO before September 30, 1985. If no relief is provided in FY 1985, FY 1986 will start with a publications backlog of at least ten major scientific contributions, with unfunded new publications already and always in the immediate background. In addition, support for reprint costs and page charges for articles published in private journals is expected to fall short in FY 1985.</td>
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<td>8</td>
<td>National Air and Space Museum</td>
<td>$40,000 Building Maintenance</td>
<td>Due to extremely high visitor attendance, the Museum requires an extraordinary amount of daily maintenance. Additional equipment, materials and supplies must, therefore, be purchased to keep the building in good repair for visitors. The budget reduction has forced a delay in the purchase of replacement carpet, vacuum cleaners and other building maintenance items.</td>
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<td>9</td>
<td>Smithsonian Tropical Research</td>
<td>$39,000 Maintenance Programs</td>
<td>Approximately 90 percent of the funds for Supplies and Materials and Other Services have been spent in FY 1985, though only half of the fiscal year has elapsed. The extreme climatic conditions in the tropics have a great effect on STRI's maintenance programs (cars, boats, buildings, etc.). In addition, most parts and materials are bought locally, generally at higher prices than those in the U.S. Ordering from the States would place an additional burden on STRI's maintenance program, i.e. having to wait several months for delivery. Over the years, STRI has obtained much of its maintenance equipment and tools through military surplus. This equipment, in most cases, is over eight years old and obsolete, making it difficult to obtain spare parts. The vehicle used to transport visiting scientists to the immigration and collecting permit office to obtain their visas, permissions, etc. is beyond economical repair for reliable and safe service. It needs to be replaced immediately, and is one of the priorities sacrificed to the two percent cut.</td>
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<td>Ranking</td>
<td>Bureau</td>
<td>Item/Amount</td>
<td>Rationale for Priority</td>
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<td>10.</td>
<td>Smithsonian Astrophysical Observatory</td>
<td>$75,000</td>
<td>Lack of funding prevents SAO from taking advantage of new technology which holds high promise of yielding new data on the large-scale structure of the universe, important to an understanding of how the universe evolved after the &quot;Big Bang&quot; to form galaxies.</td>
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<td></td>
<td>New type of detector array for use on Optical/Infrared Telescope</td>
<td>$30,000</td>
<td>Deferral prevents completion of a novel new optical instrument which would enable a high sensitivity search to be made of our galaxy for other planetary systems.</td>
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<td></td>
<td>$36,000</td>
<td>Position Sensitive Detector Array</td>
<td>Funds are required to study molecular interactions important for understanding how molecules formed in space, and, eventually, led to organic precursors of life.</td>
</tr>
<tr>
<td></td>
<td>$30,000</td>
<td>High-Resolution X-Ray detector development</td>
<td>Deferral prevents analysis of data from X-Ray detectors being developed to carry out detailed studies of the energetic nuclei of galaxies and quasars.</td>
</tr>
<tr>
<td>11.</td>
<td>National Air and Space Museum</td>
<td>$25,000</td>
<td>The Staff of NASM is currently performing research in many different areas. Due to the budget reduction there has been a decrease in funding support for various research projects. The Oral History, Space Telescope and History of Aviation projects have all had to reduce the number of outside contracts necessary to support their research. This has meant that these projects must be handled entirely by the Museum staff who also must handle simultaneously their other Museum duties. These projects will, thus, take longer to complete. A number of these projects are linked to other outside projects, such as the launch of the Space Telescope, and must be completed on time. It is, therefore, imperative that NASM regain the reduced funding to complete these research projects on schedule.</td>
</tr>
<tr>
<td>12.</td>
<td>National Zoological Park</td>
<td>$40,000</td>
<td>In FY 1986 the Zoo will need to restore $40,000 which was cut from the animal support budget. Due to the fluctuation of food prices, the collection and care and collection management programs cannot long survive without the restoration of all funds cut in FY 1985.</td>
</tr>
<tr>
<td>13.</td>
<td>National Air and Space Museum</td>
<td>$41,000</td>
<td>NASM's extensive collections management program has suffered greatly from the budget reduction. Plans for expanding the inventory system to tie the Mall Museum to the Garber facility have had to be delayed. A planned computerized inventory system for the Facility will require the reinstatement of the two percent budget reduction before it can be implemented. In addition, the start of the spacecraft restoration program, which requires additional expertise and tools has had to be postponed.</td>
</tr>
<tr>
<td>Ranking</td>
<td>Bureau</td>
<td>Item/Amount</td>
<td>Rationale for Priority</td>
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<tr>
<td>14.</td>
<td>Smithsonian Environmental Research Center</td>
<td>$30,000 Supplies</td>
<td>Due to the two percent overall reduction, funding for supplies has been reduced below the FY 1984 level. With a projected inflation rate of five - six percent, a shortage in the availability of supplies will uniformly restrict the Center's research effort. Moreover, a serious shortfall in the Center's inventory of chemicals would cause the greatest hardship, since in many cases these form the basis of SERC's research.</td>
</tr>
<tr>
<td>15.</td>
<td>National Zoological Park</td>
<td>$25,000 Expendable Supplies</td>
<td>Restoration of funds will enable the Zoo to take full advantage of volume discounts. The two percent cut forced the Zoo to reduce its shelf stock to a two-week supply. The restoration of the fund would allow a return to the regular four week shelf stock and insure that all Zoo programs progress without delay.</td>
</tr>
<tr>
<td>16.</td>
<td>National Museum of Natural History</td>
<td>$44,000 Services</td>
<td>The cost of contractual services has skyrocketed. The two percent cut has caused delays in hiring consultants to provide critical computer systems support for registration, inventory, management and scientific computing. It has caused equally disruptive delays in the reconstruction/refitiguation of space for staff changes, and for collection, computer equipment, and laboratory needs.</td>
</tr>
<tr>
<td>17.</td>
<td>International Environmental Science Program</td>
<td>$11,000 Data Reduction and Analysis</td>
<td>Over the past ten years, monitoring at all IESP sites has resulted in the accumulation of several hundred crucial data sets. These data must be reduced and analyzed in order to finish critical manuscripts, and to distribute this information to the general scientific community which utilizes this data for research efforts, and to host foreign governments which depend on these data for management decisions.</td>
</tr>
<tr>
<td>18.</td>
<td>Smithsonian Tropical Research Institute</td>
<td>$7,000 Travel</td>
<td>Travel is a basic tool of STRI's research efforts. Comparative studies between different climatic and zoographic regions are of extraordinary importance in biological research. It is critical that STRI's research staff, which is situated abroad, make regular visits to meetings, seminars, conferences, congresses, etc., in order to sustain their professional contacts and competence.</td>
</tr>
<tr>
<td>19.</td>
<td>Office of Assistant Secretary Science</td>
<td>$3,000 Travel</td>
<td>The demands and complexities of administering a research complex located over 4,000 miles away in a foreign country, require occasional trips to review programmatic and administrative matters. As the principal liaison for STRI in Washington, it is crucial that travel funding be restored to the Office of the Assistant Secretary for Science to properly represent the concerns of the bureau.</td>
</tr>
<tr>
<td>20.</td>
<td>National Zoological Park</td>
<td>$30,000 Acquisition Funds</td>
<td>In order to accommodate the FY 1985 budget reduction, NZP cut all federal animal acquisition funds. The Zoo can not long operate without an adequate animal purchase fund. For this reason, the restoration of the $30,000 is vital to the collection management and exhibition program of the National Zoological Park.</td>
</tr>
<tr>
<td>Ranking</td>
<td>Bureau</td>
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<td>Rationale for Priority</td>
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<td>21.</td>
<td>Interna-</td>
<td>$3,000</td>
<td>These funds are necessary to print reports</td>
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<td>tional</td>
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<td>and to provide results in a timely fashion to</td>
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<td>Environ-</td>
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<td>interested parties.</td>
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<td>Program</td>
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<td>22.</td>
<td>National</td>
<td>$15,000</td>
<td>The National Museum of Natural History cannot</td>
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<td>Museum</td>
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<td>operate without the ability to ship items on a</td>
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<td>Natural</td>
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<td>timely basis. Shipping funds are especially</td>
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<td>History</td>
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<td>critical to getting scientific supplies and</td>
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<td>equipment into the field when required, and</td>
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<td>bringing specimens collected by scientists and</td>
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<td>others to the Museum. The Museum's highly</td>
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<td>selective acquisition policy will be damaged by</td>
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<td>the decreased ability to safely and expedi-</td>
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<td>tiously transport objects. There is an antici-</td>
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<td>pated shortfall in FY 1985 of at least $15,000.</td>
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<td>23.</td>
<td>Office</td>
<td>$8,000</td>
<td>With direct responsibility for over $2 million</td>
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<td>of</td>
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<td>in research funding for institutional</td>
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<td>Assistant</td>
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<td>scholars, and for oversight of science</td>
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<td>Secretary</td>
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<td>bureau activities, there exists a priority need</td>
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<td>Science</td>
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<td>to automate all expenditures across various</td>
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<td>program lines to properly monitor and analyze</td>
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<td>research expenses. An automated system will</td>
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<td>increase personnel efficiency by eliminating the</td>
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<td>previously used manual systems.</td>
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<td>24.</td>
<td>Office</td>
<td>$8,000</td>
<td>The two percent reduction in the FY 1985 base</td>
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<td>will not permit the publication of the booklet</td>
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<td>Fellowships</td>
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<td>entitled Smithsonian Opportunities for Research</td>
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<td>and Grants</td>
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<td>and Study. This publication is revised</td>
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<td>biennially and continues to be the Institu-</td>
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<td>tion's only comprehensive guide to its scholar-</td>
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<td>ly programs and staff. It is absolutely</td>
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<td>essential to the preparation of all fellowship</td>
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<td>applications as well as to all visiting</td>
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<td>scholars' enquiries. In addition, it serves</td>
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<td>the SI community as an instrument for explain-</td>
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<td>ing its research interests and capabilities.</td>
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<td>Several years ago, distribution lists were</td>
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<td>carefully examined and the number of volumes</td>
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<td>distributed was reduced in an effort to cut</td>
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<td>back on costs. The number now printed is at</td>
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<td>an absolute minimum.</td>
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<td>25.</td>
<td>National</td>
<td>$20,000</td>
<td>NASM's education program provides free</td>
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<td>Air and</td>
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<td>brochures and pamphlets to schools and individ-</td>
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<td></td>
<td>Space</td>
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<td>uals on many subjects. The budget reduction</td>
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<td></td>
<td>Museum</td>
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<td>has prevented the updating, reprinting and</td>
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<td>printing of new educational materials and has</td>
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<td>reduced the amount of such material available to</td>
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<td></td>
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<td>the public, despite an ever increasing demand.</td>
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</tbody>
</table>

Subtotal, Science $1,145
### History and Art

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Bureau</th>
<th>Item/Amount</th>
<th>Rationale for Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>Center for Asian Art</td>
<td>$32,000 New Hires and public programs for FGA</td>
<td>The two percent budget reduction has delayed the filling of positions authorized by Congress in FY 1985 for the Sackler Gallery. Also, the cut has led the Freer Gallery to eliminate the distribution of free brochures to the public and to reduce its exhibition program.</td>
</tr>
<tr>
<td>3.</td>
<td>Hirshhorn Museum &amp; Sculpture Garden</td>
<td>$60,000 Accessioning Requests; Hire of Chief Conservator</td>
<td>The Museum has been advised that the 6,000 objects in the Bequest are due to arrive in the latter part of FY 1985. A chief conservator will be of utmost importance in processing and accessioning these objects into the permanent collection.</td>
</tr>
<tr>
<td>4.</td>
<td>National Museum of American History</td>
<td>$185,000 Collections Storage; MSC &quot;move&quot; projects; security in collections storage areas; and automation.</td>
<td>The two percent cut has made it difficult to care for the collections due to decreased funding of: MSC &quot;move&quot; projects; security in collections storage areas; and automation. This reduction has also caused delays in the inventory refinement of objects undergoing cleaning, a project that had already been deferred due to asbestos and a deterioration in the maintenance of public areas.</td>
</tr>
<tr>
<td>5.</td>
<td>National Museum of American Art</td>
<td>$25,000 GS-9 Data Clerk</td>
<td>In FY 1985, NMAA received a sum of $25,000 to hire a data clerk to work on standardizing bibliographic information in the Museum's art data bases; the two percent funding cut eliminated the Museum's ability to support this position. Restoration of the two percent cut in FY 1986 would permit hiring for this position.</td>
</tr>
<tr>
<td>6.</td>
<td>National Museum of African Art</td>
<td>$10,000 Contract Photography for Union Catalogue</td>
<td>The Union Catalogue project began with a Congressional increase received in FY 1984 and was scheduled for completion in FY 1985. Due to the 2 percent cut, photography work was deferred, resulting in a delay in the placement of basic collections in the formation of the catalogue.</td>
</tr>
<tr>
<td>7.</td>
<td>National Portrait Gallery</td>
<td>$20,000 Collection Storage Equipment &amp; Conservation Supplies</td>
<td>The National Portrait Gallery drawings collection remains in special need of rehousing in a secure, properly equipped and monitored area. These funds are necessary to carry out this endeavor and to purchase much needed supplies and materials.</td>
</tr>
<tr>
<td>8.</td>
<td>Cooper-Hewitt Museum</td>
<td>$18,000 Janitorial supplies, woodshop equipment</td>
<td>This need is particularly critical as the New York location of the Museum prevents it from being able to take advantage of the Smithsonian Institution central management facilities services.</td>
</tr>
<tr>
<td>9.</td>
<td>National Museum of American Art</td>
<td>$9,080 GS-9 Object Conservator</td>
<td>NMAA's permanent collection of 32,000 objects grows at the rate of 1,000 new works a year. The preservation and restoration of American art works is an important function of the Museum, and has been hindered by the lack of funding stemming from the two percent cut.</td>
</tr>
<tr>
<td>10.</td>
<td>National Portrait Gallery</td>
<td>$9,000</td>
<td>Trash removal, pest control and uniform cleaning services have been diminished as a result of the funding cut.</td>
</tr>
<tr>
<td>Ranking</td>
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<tr>
<td>11.</td>
<td>National Museum of African Art</td>
<td>$5,000 Teaching Guides and lectures</td>
<td>Teaching guides used in conjunction with the “African Masterpieces” exhibition have had to be curtailed and the lecture series being conducted in conjunction with the exhibition, &quot;Igbo Arts: Community and Cosmos&quot;, has been cancelled.</td>
</tr>
<tr>
<td>12.</td>
<td>National Museum of American Art</td>
<td>$8,500 Free Brochures</td>
<td>The brochures are distributed to the general public as part of the Museum’s efforts to improve the public’s awareness of its programs and activities. Without funding this will have to end.</td>
</tr>
<tr>
<td>13.</td>
<td>National Portrait Gallery</td>
<td>$14,000 Orientation posters, signs, banners</td>
<td>The 2 percent reduction resulted in the elimination of orientation posters, signs, and banners, making it difficult for the public to learn about National Portrait Gallery programs and activities.</td>
</tr>
<tr>
<td>14.</td>
<td>National Portrait Gallery</td>
<td>$10,000 Brochure and check-list</td>
<td>The reprinting of brochures distributed free to the general public and of the Checklist of the collections, which is an invaluable reference guide to the permanent collections, have had to be deferred due to the 2 percent reduction.</td>
</tr>
<tr>
<td>15.</td>
<td>National Museum of American Art</td>
<td>$42,020 Public Programs</td>
<td>The two percent cut has caused the cancellation of two exhibitions, two symposiums and four lectures.</td>
</tr>
<tr>
<td>16.</td>
<td>National Museum of American History</td>
<td>$40,000 Public Programs</td>
<td>Funding uncertainties have prevented the Museum from making final commitments for any unannounced programs.</td>
</tr>
<tr>
<td>17.</td>
<td>National Portrait</td>
<td>$14,000 new carpet, clean and maintain existing carpet.</td>
<td>Worn carpet in the public areas of the Gallery requires replacement and NPG needs to purchase adequate supplies to clean the existing carpet.</td>
</tr>
<tr>
<td>18.</td>
<td>National Museum of American Art</td>
<td>$8,400 Extend hrs of Tour Scheduler</td>
<td>Despite an increase in the number of requests for Docent-led tours from public schools and from the general public, the services of this key employee cannot be extended due to the reduction.</td>
</tr>
<tr>
<td>19.</td>
<td>Archives of American Art</td>
<td>$15,000 Hire Arch. Technician, purchase supplies</td>
<td>Although it was possible to offset the effect of the 2 percent reduction by deferring the filling of a vacancy for an Archives Technician, an indefinite postponement of hiring for this position would have an effect on the Archives' research services and collections management activities.</td>
</tr>
<tr>
<td>20.</td>
<td>Anacostia Neighborhood Museum</td>
<td>$17,000 Furnishings for new building</td>
<td>The annex is scheduled for completion by April, 1987, and furniture must be installed prior to that time.</td>
</tr>
<tr>
<td>21.</td>
<td>Immediate Office</td>
<td>$9,000 Restore part time position to full time in JHP, supplies &amp; equipment</td>
<td>The loss of a full-time position resulted in slowing progress on the Joseph Henry Papers project.</td>
</tr>
<tr>
<td>Ranking</td>
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<td>Rationale for Priority</td>
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<tr>
<td>22.</td>
<td>Office of American Studies</td>
<td>$2,000 Base Deficiency</td>
<td>Deficiency in the salaries and benefits of the Director and a secretary must be funded.</td>
</tr>
<tr>
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<td>Subtotal, History and Art $ 563,000</td>
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**PUBLIC SERVICE**

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<tr>
<th>Ranking</th>
<th>Bureau</th>
<th>Item/Amount</th>
<th>Rationale for Priority</th>
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<tbody>
<tr>
<td>1.</td>
<td>SI Press</td>
<td>$22,000 Other</td>
<td>Reduction to this unit's allotment has eliminated basic printing funds used, most notably, for the production of the American Historical Association Annual Report and for the purchase of specialized printing equipment.</td>
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<td>Objects</td>
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<td>2.</td>
<td>Folklife Programs</td>
<td>$12,000 Other</td>
<td>Reduction severely hampers unit's ability to plan for and carry out the annual Festival on the Mall.</td>
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<td>Objects</td>
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<td>3.</td>
<td>Elementary and Secondary Education</td>
<td>$6,000 Other</td>
<td>Cut-back directly affects the office's major communicative tool for sharing the programs of the Institution with local schools.</td>
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<td>Objects</td>
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<td>4.</td>
<td>Public Affairs</td>
<td>$12,000 Other</td>
<td>At the heart of this office is its need to inform in a most timely manner those inside SI, the public, and various news services. The equipment eliminated by this reduction adversely affects the Office of Telecommunications' means to carry out this task.</td>
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<td>Objects</td>
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<tr>
<td>5.</td>
<td>Visitor Information and Assoc. Reception Center</td>
<td>$3,000 Other</td>
<td>This office operates a substantial, essential, visible and varied component of the Smithsonian Institution. Cut-backs in its meager funding affects the level and quality of services to the visiting public.</td>
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<td>Objects</td>
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<td>6.</td>
<td>Telecommunications</td>
<td>$4,000 Other</td>
<td>Some slippage in services can be geared to the willingness of those units served to subsidize the Office of Telecommunications services from their own federal resources.</td>
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<td>Objects</td>
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<tr>
<td>7.</td>
<td>Assistant Secty. for Public Service</td>
<td>$5,000 Other</td>
<td>Specialized studies and services, as well as other object expenses have been eliminated by the funding reduction.</td>
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<td></td>
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<td>Objects</td>
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<td>8.</td>
<td>Symposia and Seminars</td>
<td>$1,000 Other</td>
<td>The Office lacks adequate other objects funding and this reduction would essentially eliminate its flexibility.</td>
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<td></td>
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<td>Objects</td>
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Total, Public Service $65,000
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<th>Ranking</th>
<th>Bureau</th>
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<th>Rationale for Priority</th>
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<tbody>
<tr>
<td>1.</td>
<td>Libraries</td>
<td>$86,000 Book and Journal Budget</td>
<td>Reducing funds to purchase books and journals places the SI Libraries farther behind in its attempt to become an adequate research library.</td>
</tr>
<tr>
<td>2.</td>
<td>Conservation Analytical Lab.</td>
<td>$36,000 Scientific Equipment Purchase</td>
<td>Reduction disrupts a phased and orderly approach to the replacement of worn out and/or obsolete scientific equipment essential to the effective functioning of the conservation laboratory.</td>
</tr>
<tr>
<td>3.</td>
<td>Office of Exhibits Central</td>
<td>$30,000 Exhibition Supplies &amp; Central Equipment purchase</td>
<td>Lack of funding reduces inventories of supplies and equipment necessary to design exhibitions. This prevents the office from responding in as timely and effective a manner as should be the case. This may also cause the Office to have to contract greater amounts of exhibition design, which is by far a more expensive proposition than in-house development.</td>
</tr>
<tr>
<td>4.</td>
<td>Office of A/S Museum Programs</td>
<td>$7,000 Other Services for A/V Production</td>
<td>The Office is a labor intensive organization which has very limited amounts of other objects funding. Lack of funding will delay the production of any audio-visual program since no outside editing will be available.</td>
</tr>
<tr>
<td>5.</td>
<td>Archives</td>
<td>$10,000 Microfilm Supplies</td>
<td>The two percent cut delays the microfilming of the fragile and deteriorating records of the SI Archives. This exposes these documents to the threat of further deterioration which would prove to be irreversible.</td>
</tr>
<tr>
<td>6.</td>
<td>SITES</td>
<td>$6,000 Shipping Costs</td>
<td>This funding is necessary to support the cost of shipping exhibitions to their first stop.</td>
</tr>
<tr>
<td>7.</td>
<td>Horticulture</td>
<td>$25,000 Preventive Maint. of Equipment</td>
<td>This delays until 1986 the ongoing program of preventive maintenance of Horticultural equipment, resulting in increased equipment deterioration.</td>
</tr>
<tr>
<td>8.</td>
<td>South Group Building Bldg.Mgt. Supplies</td>
<td>$20,000</td>
<td>Funding is required for the cleaning and maintenance of the Arts and Industries Building and of the SI Castle.</td>
</tr>
<tr>
<td>9.</td>
<td>National Museum Additional Grants</td>
<td>$16,000</td>
<td>The two percent reduction eliminates the possibility of awarding up to three additional grants for critical projects in conservation within the museum profession.</td>
</tr>
<tr>
<td>10.</td>
<td>Office of A/S Museum Programs Automation</td>
<td>$7,000</td>
<td>Funding would enable the use of emerging technologies which will make this office more efficient and productive through the use of automation equipment.</td>
</tr>
<tr>
<td>11.</td>
<td>Office of Registrar Maint. of Office Equipment</td>
<td>$2,000</td>
<td>This delays maintenance of automated office equipment in the Office of the Registrar, and adversely affects the productivity of that Office.</td>
</tr>
</tbody>
</table>

Subtotal, Museum Programs $ 245,000
ADMINISTRATION

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Bureau</th>
<th>Item/Amount</th>
<th>Rationale for Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Accounting and Financial Services</td>
<td>$22,000 ADP Applications</td>
<td>Giving this top priority is consistent with the emphasis on automation in the FY 1986 budget. Funds may also be needed to help implement new payroll data entry plans. Funds, if appropriated, must be earmarked and used for automation.</td>
</tr>
<tr>
<td>2.</td>
<td>Office of Information Resource Management</td>
<td>$37,000 Salaries</td>
<td>Funds are required to meet staffing levels consistent with the planning and implementation of automation efforts. Also, OIRM has a base shortage which losing the two percent would compound.</td>
</tr>
<tr>
<td>3.</td>
<td>Office of Personnel Administration</td>
<td>$42,000 Salaries</td>
<td>Funds are required to maintain service and reduce complaints. OPersA also has a base shortage.</td>
</tr>
<tr>
<td>4.</td>
<td>Office of General Counsel Support</td>
<td>$11,000 Office</td>
<td>The Office of the General Counsel was able to absorb the two percent reduction in FY 1985 by delaying the hiring of an attorney. The attorney has been hired and the funding shortage must be corrected before the functions of the Office are impaired.</td>
</tr>
<tr>
<td>5.</td>
<td>Office of Audits Support</td>
<td>$8,000</td>
<td>Office has base shortage which the two percent reduction compounds.</td>
</tr>
<tr>
<td>6.</td>
<td>Office of Supply Services</td>
<td>$20,000 Paper, Repairs &amp; Equipment</td>
<td>If need be, units could reimburse OSS for copy paper so this item is given a lower priority.</td>
</tr>
<tr>
<td>7.</td>
<td>Office of Printing &amp; Photo Services &amp; Equipment</td>
<td>$33,000 Supplies</td>
<td>Cut if restored would help to sustain videodisc program and replace mural enlarger. Nitrate film project should be largely completed in FY 1986, however, so funds may be available in that account. Thus the lower priority for this item.</td>
</tr>
<tr>
<td>8.</td>
<td>Other Units</td>
<td>$50,000</td>
<td>Balance in overall reduction for 13 units in amounts ranging from $1,000 to $9,000 should be correctible, if necessary, in FY 1986 from base resources using SI reprogramming authority.</td>
</tr>
</tbody>
</table>

Subtotal, Administration $223,000

DIRECTORATE OF INTERNATIONAL ACTIVITIES

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Bureau</th>
<th>Item/Amount</th>
<th>Rationale for Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$6,000 Funding Shortage</td>
<td>Restoration is necessary to alleviate funding shortages in the Office of Service and Protocol and the Office of Publications Exchange.</td>
</tr>
</tbody>
</table>

Total $6,000
<table>
<thead>
<tr>
<th>Ranking</th>
<th>Bureau</th>
<th>Item/Amount</th>
<th>Rationale for Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>COLLECTIONS MANAGEMENT/INVENTORY PROGRAM</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$17,000</td>
<td>Various Inventory Projects</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Total $17,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$97,000</td>
<td>Equipment, Operations and Move</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Total $97,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$557,000</td>
<td>Partially Correct Base Shortage</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$342,000</td>
<td>Partially Correct Base Shortage</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$41,000</td>
<td>Architectural/Engineering Contracts</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Subtotal, Facilities Services $940,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>S.I. GRAND TOTAL.</strong> $3,301,000</td>
</tr>
</tbody>
</table>
National Museum of American History

Question: An increase of $108,000 and five temporary positions is requested for the proposed move of objects from the Museum of American History to the Support Center. In part, the justification for this increase states that "No funding, however, has been received for the required survey of collections prior to the move, involving object identification, preparation, inventory and other registral tasks." The movement of these objects was originally scheduled to begin in fiscal year 1983 and no additional funds were sought at that time for these tasks. Given the fact that the move is now three years behind schedule, it would seem that the Museum should have had sufficient time to conduct this work with staff at hand during this three year delay. Why hasn't this occurred?

Answer: The Museum has completed a large part of the work, the thoughtful part. The Museum has identified some 70,000 objects that ought to be moved to the MSC for consolidated storage and care. These include musical instruments, textiles, photographic materials including some 10,000 historic glass plates, tool collections, medical history artifacts, radio, television and telegraph equipment, and the like--objects that would most benefit from the extremely stable environmental conditions and high density storage capabilities of the MSC.

For FY 1986, the National Museum of American History requests a position for a registration technician (1 workyear and $26,000) to oversee the movement of objects during the period of the initial move and to control the flow of historical objects in and out of the Museum Support Center in future years. A sum of $78,000 is needed for the purchase of supplies and materials for the preparatory work. In addition, the Museum also requests $75,000 for five temporary museum technicians to assist with the heavy volume of work associated with the initial move.

Question: Since the early 1980's funds have been made available to American History through the Collections Management and Inventory Program and base resources in amounts ranging from $600,000 to over $1 million annually to do much of the work now identified as being associated with the move. Part of the justification during these past years for the Collections Management Program was based on the move to the Support Center. In view of the millions of dollars that have been spent on the inventory, why wasn't that work coordinated with the move so that additional resources are not required for much of the same work now that the move actually seems about to happen?

Answer: The work in question will dovetail very nicely with the baseline inventory. The $108,000 in question will finance the costs of 5 temporary laborers who will physically move the objects from storage rooms throughout the museum building to a basement staging area adjacent to the loading dock; wrap, pack and crate the objects for loading onto trucks that will carry them to the MSC; and then reverse that process on the other end. A sixth person will be responsible for capturing data on the objects being moved so that the inventory files will be kept up-to-date with the new storage locations for each item. If we had not completed the shelf-inventory work and compiled a good data base, this necessary step of recording location changes would have presented a major bookkeeping challenge.

Museum Support Center Equipment

Question: With respect to the Museum Support Center, significant problems continue to plague the proper installation of the equipment for the MSC. During last year's hearing, we went into the cost escalation of the equipment at some length, so I will not repeat that, but would you please give us a brief overview of the current situation and what steps are planned to remedy the situation?

Answer: We are pleased to report that the Pod 3 storage equipment for museum specimens stored in alcohol was accepted by the Smithsonian from the contractor in November 1984. The move of those collections is well under way toward being completed by the end of calendar year 1985. With regard to the more complex system for dry collections to go into Pods 1, 2, and 4, the Institution has been advised by the General Services Administration that the performance specifications for the system involving insect and dust tightness and corrosion resistance probably cannot be met by the contractor. The contractor recommends an alternative storage system making use of two concrete decks to create three levels of storage area with these pods and premanufactured (not field assembled) storage cabinets which can be properly constructed, sealed and finished in a factory with adequate quality control. It appears that this approach will solve the tightness and corrosion problems and can be
accomplished within the same time frame as the earlier planned system. Furthermore, this approach will give us virtually as much storage capacity as had been planned and will allow the total move to be completed on schedule. We would add that it appears that the move may be accomplished within the funding requirements for FY 1986 and FY 1987 identified to your Committee. There are additional advantages to using this more conventional approach. The construction of full decks, rather than installing self-supporting three level racking in only portions of these pods as had been planned for the initial move, eliminates the necessity of installing additional flooring and utilities sometime in the future. As a result, the Institution will not have to provide the physical barriers that would be required to prevent theft and damage to the collections from the dust and vibration created by the construction. A further advantage is that this alternative will allow the reuse at MSC of a large number of storage cases presently being used within the Natural History Building.

Collections Management/Inventory Program

Question: $1,147,000 is requested for the Collections Management and Inventory Program, an increase of $289,000 above the fiscal year 1985 level. In the original plan submitted to Congress, the Smithsonian indicated that this program would be a priority into the early 1980's. We have passed the half-way mark of this decade and there seems to be no end in sight with respect to the Inventory. How long do you now anticipate that this special program will continue?

Answer: As a vital part of the total collections management process, the base line inventory that was completed in June, 1983, produced vast quantities of extremely valuable information about the collections held in Smithsonian museums. The data gathered has enhanced the ability of the institution to account for its collections by location and, through the organization of inventory files, has made those collections more readily accessible for research and study purposes. During the inventory process, seven of the museums (Freer Gallery, Hirshhorn Museum and Sculpture Garden, the National Air and Space Museum, the National Museum of American Art, the National Portrait Gallery, the National Zoological Park and the National Museum of African Art) were able to conduct their inventories by using base funds and are presently capable of maintaining inventory data with those funds. All of these museums have collections that can be said to number in the thousands. However, at the National Museum of Natural History and the National Museum of American History, where collections run into the millions, special funding appropriated by Congress has been used to support the inventory. In addition, at the Cooper-Hewitt Museum, where collections had not been inventoried prior to their transfer to the Institution, special funds were also utilized.

Although the inventory effort has been intensive, it was not possible in all instances to record inventory data on an item by item basis. While this was done for objects of high intrinsic value and for unique specimens classified as type specimens, certain massive collections were inventoried in groups or batches. In addition, some objects have been stored in places where access is limited, largely because of asbestos contamination. Continued inventory work must be conducted to develop more precise information about such collections, and it is expected that this work will require support for the rest of this decade.

Similarly, reconciliation of recent inventory data with earlier records for certain collections of unusual intrinsic value or research potential will also be continued during this period. The Smithsonian recognizes that a complete records reconciliation process would be unproductive and require an unreasonable amount of time and effort. However, it is important that for certain collections, including many that will be relocated to the Museum Support Center, the collections record must be verified and made as complete as possible for purposes of full accountability and access for research. After this is accomplished, when cross-checking of records becomes necessary for legal or informational reasons in the future, reconciliation will be done on a case-by-case basis. Earlier records will be carefully retained for these purposes.

In the last few years, the Institution has undertaken a full review of the past collections management policies and procedures of each of its museums and has revised them in order to strengthen and clarify controls and responsibilities. These revised policies stress the importance the Smithsonian places on effective collections management operations in each of its museums. Many of the new procedures that have been
or are being initiated are based on the use of automated data systems which permit rapid updating and recall of essential collections information. The amount of inven-
tory work that has been done in the past would not have been possible without use of
automated systems. However, inventory is but one phase of a total collections mana-
gement program which includes other critical data covering registration,
accessioning, provenance or origins, key descriptive information, donors, loans,
storage locations, and condition. Collections management also involves assuring that
collections are properly stored, protected, handled and preserved. All Smithsonian
museums are engaged in upgrading their collections management programs and, while
most of them will be able to do so effectively within their normal operating budgets,
the Institution will seek in the future to apply funds used in the past for the spe-
cial inventory to the permanent base resources of those museums responsible for the
largest collections or having the most complex continuing collections management
problems.

Automation

Question: While the science bureaus seem to be concentrating on equipment
replacement, the focus in History and Art for fiscal year 1986 appears to be
automation. An increase of $430,000 is sought for various bureaus to increase
automation efforts in fiscal year 1986. Does this represent the total cost of
the automation requirements for these bureaus, or will you be seeking additional
funding in future years? If so, in what amounts?

Answer: The $430,000 represents a sensible first phase but not the full
sums required to automate the kinds of information essential to our history and
art museum activities. If ONB permits us to request additional increased in
future years, we would be seeking perhaps twice—again as much. As with any area of
new technology, we will be feeling our way along, and more precise estimates
will of course be based on the experience gained with this initial phase.

Question: In view of funding constraints, is there any compelling reason that
this work cannot be delayed?

Answer: These requests could, of course, be deferred to some future year
— but at the loss of an important opportunity to enhance almost every aspect of
museum work. Improved inventory control, speedier access to research data,
better financial planning and funds control, even simple word-processing and the
freedom from having to retype successive or multiple copies of the same document
— all of these would be deferred. Inevitably, this means more and more time
spent on routine handwork, with less attention available for substantive program
activities of direct benefit to the public.

Sackler Gallery

Question: An increase of $1,672,000 and 19 positions is requested for the
Sackler Gallery which is scheduled to hold its inaugural exhibition in the late
spring of 1987. A number of these requests seem premature — such as $230,000
for the construction of temporary walls and exhibit galleries; $380,000 for
supplies and materials for the inaugural exhibition; and $110,000 for lighting
and audio-visual equipment. When is the Smithsonian scheduled to take benefi-
cial occupancy of the exhibit areas of the new building?

Answer: The Smithsonian is scheduled to take beneficial occupancy of the
exhibit areas of the new building in June 1986. For the inaugural exhibition in
late spring of 1987, it is necessary to have sufficient lead time to contract
out for the installation. This includes time for advertising, bidding, review
of bids, interviewing, award of contract, ordering non-stock items, etc. before
the physical installation in the galleries. The requested funds are needed in
FY 1986 in order to begin this lengthy process. For orders of the size to pre-
pare the exhibition spaces of an entire museum, stock items will become
exhausted quickly. Items that can be purchased in FY 1987 are already antici-
pated in the planned request for $400,000 for the inaugural exhibition in
FY 1987.

Question: All of these funds are, of course, one year money. In the past,
particularly with respect to the Museum Support Center, funding which was pro-
vided for activities that were delayed was transferred to other functions and we
had to pay twice for the same costs. Do you anticipate that all of the money
requested for the Sackler Gallery, especially that connected with exhibit
installation, will be spent in FY 1986?

Answer: Yes. At the very least, funds will be fully obligated in FY 1986
in order to assure that the inaugural exhibition will open on time, and deli-
veries of the items could begin any time after beneficial occupancy.
Question: $200,000 is requested for collections acquisition with emphasis on Japanese, Korean, Indian and Islamic Art to address deficiencies in the Sackler Collection. In view of the fact that the Freer Gallery houses one of the most distinguished collections of Oriental Art in the world, can it be said that the Smithsonian is really deficient in those areas -- or just the particular Sackler Collection?

Answer: Much of the working relationship between the Sackler collection and the Freer collection depends on the existence of the connecting link, which will permit the programs of the two galleries -- including acquisitions -- to be complementary rather than duplicative. The Freer collection does have some strengths in the areas listed, but limited space has created some imbalances in these areas. For example, a Japanese palanquin in the Sackler is nothing like anything in the Freer collection because of the size of the object.

The major restriction on the Freer collection in this respect is the ability to lend objects from the collection. The Sackler Gallery aims to develop capability for traveling exhibitions that will reach out to a national -- and even international -- constituency. Also, we need this capability to be able to attract major loan shows from national collections to Washington.

Question: Apparently, the Director and Board of Trustees of the Hirshhorn Museum and Sculpture Garden have agreed to undertake the deaccession of a number of objects outside the field of modern art -- including Oriental and African Art. Can these pieces be made available to the Sackler Gallery and the Museum of African Art to enhance their collections?

Answer: Yes indeed. The Museum of African Art and the Sackler have a "right of first refusal" for any of the objects leaving the Hirshhorn Museum's collections. The directors of these two museums have reviewed the Hirshhorn material and identified a few objects each which would represent a desirable addition to their collections.

Academic and Educational Programs

Question: An increase of $2 million is requested for the Smithsonian to undertake basic support of ten advanced research centers located throughout the world. The current budget of all the centers is approximately $8 million. Why should the Smithsonian become such a major funding source for these organizations?

Answer: The Smithsonian and the centers have in common their overriding commitment to research in the widest range of scholarly disciplines and the dissemination of its findings. This leads the Smithsonian to take a direct interest in maintaining the continuous operation of centers in countries abroad and in supporting the regular flow of scholars in all disciplines.

The Smithsonian also since its beginnings has taken all possible measures to contribute to the full and free flow of knowledge irrespective of national boundaries. In many countries of the world these precepts are not readily accepted, and research access by U.S. and other scholars may be severely limited. American overseas research centers, which are acknowledged and often assisted by host governments, are important instrumentalities for the maintenance of research access. The Smithsonian's own scholars and scientists benefit directly from these relationships as do their colleagues in research all over the U.S.

Since the mid-1960's the Smithsonian has supported those centers in "excess" currency countries, and since 1981 has assisted the new Council of American Overseas Research Centers in many ways, acting as its chief sponsor and providing modest financial support with unrestricted Trust funds.

Now the Smithsonian's increased emphasis on supporting international scholarly relations and the growing evidence that centers lack access to continuous funding for basic operations has led the Institution to consider additional measures to meet the pressing needs of these irreplaceable and cost-effective organizations.

Question: No authorizing legislation has been requested for this activity. On what basis did you determine that sufficient authority exists?

Answer: The basic substantive authority for the Smithsonian to assist in supporting the scholarly activities of the American overseas research centers is the Institution's charter "for the increase and diffusion of knowledge among
men" (20 U.S.C. Sec. 41). Under this general authority the centers in Israel, Egypt, and India have received support through the Smithsonian in the past. (7 U.S.C. Sec. 1704 provides the special access necessary to use restricted foreign currencies for this purpose.)

Question: Approximately $500,000 has been made available to the centers annually through the U.S. Information Agency. Additional support has come from the National Endowment for the Humanities. In fiscal year 1985 alone, NEH provided $459,000 to four of these centers. As two of the grants were Challenge Grants and one was a matching offer, the impact of the NEH grants is actually close to $1 million. NEH further indicates that additional funding may be made available for these four centers and others pending receipt and review of competitive applications. If the centers require additional support, why isn't the request being made to the subcommittee on the Department of State, Justice and Commerce which has funded these programs in the past?

Answer: The USIA has specific purposes which it must pursue in order to fulfill its particular mission. This is equally true of the NEH and the other federal agencies which from time to time provide support to some of the centers.

Only the Smithsonian has as its fundamental purposes the support of basic research in all disciplines of scholarly endeavor, and dissemination of its findings, the same purposes which have brought the centers into being.

The centers are not now receiving funding at adequate levels nor is the funding distributed in a way that meets their needs systematically. The Smithsonian is the most appropriate vehicle to provide for these needs.

Office of Protection Services

Question: A program increase of $1,384,000 is requested for the Office of Protection Services. $669,000 of this amount is to correct a base deficiency in salaries and benefits. One of the reasons for the deficiency is the diversion of salary funds to "health and safety programs". How much has been diverted and have those funds been restored to the salaries and benefits accounts?

Answer: Over a four-year period beginning in FY 1982, a total of $330,000 has been diverted to the health and safety program in the Office of Protection Services. Of this total, in FY 1985, $85,000 is being spent for testing asbestos and other hazardous materials; and $35,000 in salary and benefits for an industrial hygienist involved in the asbestos and hazardous materials identification and abatement program. This program is being carried out as required under the Occupational Safety and Health Act. These funds have not been restored to the museum guard salaries and benefits subaccounts from which they were diverted. The FY 1986 appropriation request for the Office of Protection Services includes $85,000 to provide for asbestos and other hazardous substances testing. Receipt of this appropriation will permit restoration of $85,000 to the salaries and benefits accounts, which along with the $669,000 requested for salaries and benefits will fully fund the costs of all currently authorized staff.

Question: I am more than a little perplexed by this supposed base shortage. Not only has Congress not reduced staff positions for protective services, but on the contrary in fiscal year 1984 we added 48 more guards and $720,000; and in fiscal year 1985 we added 17 guards and $250,000. If we have incurred a base shortage through Congressional increases, perhaps it would have been wise never to have provided the additional monies in the first place. Would you care to respond?

Answer: The Institution appreciates the increased resources over this period with which we have been able to do specific things, including the staffing of a new facility, the Museum Support Center; the security equipment upgrade program; acceleration of the proprietary security system; and the filling of specific gaps in the guard coverage of critical posts.
<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>$204,000</td>
<td>7 guards</td>
</tr>
<tr>
<td></td>
<td>17,000</td>
<td>1 security specialist</td>
</tr>
<tr>
<td></td>
<td>34,000</td>
<td>temporary fire and safety staff</td>
</tr>
<tr>
<td></td>
<td>40,000</td>
<td>to establish a health unit at AA/PG</td>
</tr>
<tr>
<td></td>
<td>135,000</td>
<td>to provide adequate base funds</td>
</tr>
<tr>
<td></td>
<td>-48,000</td>
<td>4% budget reduction</td>
</tr>
<tr>
<td></td>
<td>-54,000</td>
<td>TOTAL</td>
</tr>
<tr>
<td>1983</td>
<td>$1,702,000</td>
<td>security equipment upgrade program</td>
</tr>
<tr>
<td>1984</td>
<td>$720,000</td>
<td>48 guards</td>
</tr>
<tr>
<td></td>
<td>700,000</td>
<td>SIPSS acceleration</td>
</tr>
<tr>
<td></td>
<td>-240,000</td>
<td>reduction of summer hours</td>
</tr>
<tr>
<td></td>
<td>-556,000</td>
<td>reduction to equipment upgrade program</td>
</tr>
<tr>
<td></td>
<td>$324,000</td>
<td>TOTAL</td>
</tr>
<tr>
<td>1985</td>
<td>$250,000</td>
<td>17 guards</td>
</tr>
<tr>
<td></td>
<td>200,000</td>
<td>security equipment upgrade program</td>
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<tr>
<td></td>
<td>-134,000</td>
<td>reduction to equipment upgrade program</td>
</tr>
<tr>
<td></td>
<td>50,000</td>
<td>occupational health program</td>
</tr>
<tr>
<td></td>
<td>-329,000</td>
<td>2% budget reduction</td>
</tr>
<tr>
<td></td>
<td>$17,000</td>
<td>TOTAL</td>
</tr>
</tbody>
</table>

This table shows that over this period program increases of $2,802,000 were provided, most of them for specific purposes which would not help correct the base shortages. In fact, only $135,000 was provided to establish adequate base funds for general operations. Against this increase, however, the across-the-board percentage reductions in FY 1982 and FY 1983 have cut base funds by $813,000.

International Effort to Salvage Moenjodaro

Question: The international effort to salvage Moenjodaro was organized by UNESCO in the late 1970's and has been supported for a number of years by the Smithsonian Institution through the excess foreign currency program. Despite the withdrawal of the United States from UNESCO, the Smithsonian plans to continue support of this project providing just over $1 million in fiscal year 1986. Has continued Smithsonian participation been cleared with the State Department or the White House?

Answer: The State Department is aware of the Smithsonian's budget request for a final Moenjodaro contribution in FY 1986. Mr. Martin Jacobs, Director, Office of Communications and UNESCO Affairs, Bureau of International Organization Affairs, Department of State, has stated no objection to the making of the contribution and has cleared the concept of a transfer of the gift to the Government of Pakistan, bypassing the UNESCO organization.

Zoo Construction

Question: $4,851,000 is requested for construction at the National Zoo for fiscal year 1986. The current estimate for fiscal year 1987 is in excess of $20 million. The major component of the 1987 program is the aquatic exhibit for which design funds were provided in fiscal year 1985. Apparently, additional design funds are required as the justification states that funds to complete the design and construct the facility are included in the fiscal 1987 planning figure. We were under the impression that the full design cost had been funded. Was the scope of the project changed?

Answer: Yes. The present concept involves a considerable modification of the original design consideration during FY 1984. This change has resulted from advances in zoo exhibit techniques and a change in emphasis due to the new program emphasis which was placed on aquatic invertebrates and small vertebrates. The original scope was centered around aquatic mammal exhibits (manatees, sea otters, platypus) which are very costly to build and maintain due to the sophistication of the life support systems involved. The revised scope will feature aquatic invertebrate (sea anemones, sponges, sea squirts, shrimp, etc. followed by an extensive exhibition of fresh water fishes both tropical and temperate). We also expect to exhibit appropriate aquatic birds and mammals, but on a smaller scale than anticipated in the earlier scheme. These would include sea otters, Baikal seals, anhingas (snake birds) and dippers.
Question: What additional funds are required to complete the design?

Answer: Based on the revised program of requirements, the estimated construction cost of $12 million is adequate and an additional $500,000 would be required to complete the design.

Question: Last year in testimony before the House subcommittee, the Commission of Fine Arts expressed a desire for the Zoo to proceed with construction of a parking facility. In the last three years, the estimate for this facility has almost doubled. How firm is the current estimate of $17,500,000?

Answer: Of the $17,500,000, $1,500,000 is required for design and $16,000,000 for construction. This estimate is considered adequate. The program of requirements has been validated by a February 1985 access, circulation and parking study.

Question: Information provided in prior years indicated that parking revenues would be used to pay for a portion of the facility. Is that still your intention?

Answer: Yes, in excess of $3 million is estimated to be available by FY 1988.

Question: How much is currently available in parking receipts?

Answer: An amount of $2,300,324 is currently available in parking receipts.

Question: Are these receipts being held in a separate fund for the parking facility or are they being used to support ongoing operations at the Zoo?

Answer: Receipts are being held in a separate fund for the parking facility. None of these funds are used to support ongoing operations at the Zoo.

Question: Would you support an Initiative directing that a portion of the parking receipts be used to fund a design study for the parking facility?

Answer: Yes. Design study could be made a part of the Revised Master Plan using parking receipts' funds. The present completed traffic study was funded using parking receipts' funds and did consider alternatives to a structural parking facility. The design study would prepare preliminary cost estimates and provide schematics on how the parking facility would fit into the Revised Master Plan.

Restoration and Renovation

Question: The original authorization for the Wilson Center provided that, dependent upon future action by the Congress, the Center was authorized to construct a building in which to house its operations. In the mid-70's the Wilson Center resigned itself to the fact that Congress was not going to authorize a new location for them. The Center requires additional space, and we understand that there have been ongoing discussions with the Smithsonian as to how this need can be met. During testimony before the subcommittee a few weeks ago, the Wilson Center indicated that the Smithsonian would be removing an elevator and installing a stairwell which will then allow the Center to renovate space in the tower to provide for three additional offices at a cost of approximately $50,000. Is that, indeed, your plan?

Answer: The institution is currently planning the removal of an under-used elevator extending from the basement to the fourth floor and replacing it with appropriate stairs to correct a potential fire exit problem. We have had some discussions with the Wilson Center staff about their interest in locating offices above the fourth floor level. They have been advised that a Wilson Center funded request would be favorably considered for the development of this space.

Question: Do you think that you will be able to accommodate their request for additional space within the complex of the Castle, the Arts and Industries Building and the Quadrangle?
Answer: The Institution is optimistic that space to house the Wilson Center can be found. As the Committee knows, several organizations now in the Arts and Industries Building will be moving into the third level of the Quadrangle. These include the Associate programs and the Traveling Exhibition Service. To determine the best future use of the freed space as well as the total future use of the A&I Building, the Smithsonian is undertaking a comprehensive space study. The consultant has worked closely with the Wilson Center staff to learn its requirements and will reflect those in his report. Any such use, however, is several years off since substantial interior work must be done on the building.

Quadrangle Construction

Question: Secretary Adams, prior to asking some questions regarding the request for Quadrangle Construction, it may serve to clarify the record by relating a little history of the project. In fiscal year 1982, $980,000 was appropriated for planning of the Quadrangle. At that time, the Smithsonian indicated that the total cost of construction would be less than $50 million. By the next year, the price had risen rather dramatically to $75 million. When the contract was awarded, the final price was $59 million. As a consequence, we rescinded our half of the $16 million savings. The Smithsonian seeks to recover this $8 million over the next two years in ways that are of concern to us.

Four subactivities have been added to the budget which are not normally part of construction budgets of the Smithsonian and which were not included as part of the original package: security installation, furnishings, moving costs, and "final space preparation". These total $11,150,000. The first three are generally budgeted in the salaries and expense account. Why aren't you budgeting these costs in the same way?

Answer: The Institution's experience with the Museum Support Center equipping suggests that it would have been preferable to have included equipping as part of the total project costs and included those costs in the authorization and construction appropriation. The favorable construction award on the Quadrangle means that the expense items of security installation, furnishings, moving costs, and final space preparations can be fitted within the authorized project cost of $75 million which includes the matching private funds raised for the project. Furthermore, the "available until expended" provision of the construction appropriation provides useful flexibility in procurement timing.

Question: Final space preparation seems to be something of a no-year slush fund. Supplementary information provided to the Committee indicates that these funds will be used for space modifications, building operation problems and to "implement public space enhancement projects that are expected to result from future private donations". Is it possible to give us some more specific information regarding the proposed use of this $2.2 million request?

Answer: The Institution plans to request appropriations for that item in FY 1987 and expects to be required to justify such amount in substantial detail. Meanwhile, to explain its presence, it was added to provide for additional interior features in recognition of new key management and program personnel who have had no part in the early planning for the facility, but who will have key roles in the yet emerging use. These key personnel include the Director of the Sackler Gallery; exhibit designers in both the Sackler Gallery and the Museum of African Art; the Director of the International Center; and the Secretary. Past experience has indicated that under such circumstances there will be a number of requirements for reasonable adjustments to the building. Any proposed changes will be viewed carefully and approved only if they will serve important purposes.

Question: Of major concern is the Smithsonian's intention to spend $3,950,000 in the current fiscal year for security equipment and furnishings. These items were not budgeted in construction, the Committee has had no formal opportunity to review these proposed expenditures, yet if you go ahead with these purchases in the current year, we then have to appropriate additional money to cover costs that were included in the original budget. As an example, the fiscal year 1986 justification requests $4,275,000 for construction of the Freer Link. $3,500,000 was included in the original estimate and the funds were provided, but rather than requesting just the difference of $755,000, the entire amount for the revised project is requested. If we do not provide this money which will you forego -- the equipment and furnishings or the Freer Link?
Answer: We hope that such a choice will not be necessary. The link is already authorized and necessary to the project. The equipment and furnishings are a required, normal and not unexpected part of most projects to permit initial occupancy. The obligation plan shown on page 240 of the appropriation request indicates what we are trying to accomplish. The Institution seeks to reprogram currently available funds for the link together with other adjustments, so that we can obligate funds for the security installation and a part of the furnishings this fiscal year; thus permitting timely occupancy of the building during the second and third quarters of next fiscal year. A more traditional request for reprogramming may be desired and, if so, we will be pleased to submit one. We certainly want the Committee to have a full opportunity to review our request and would have no intention of proceeding with these or any other proposed expenditures without proper authority.

Question: With respect to the increased cost for the Freer link, it appears that "link" may be somewhat of a misnomer. Included in the link will be galleries, public seating, and restrooms. Design funds in the amount of $425,000 are proposed to be spent on this project in fiscal year 1985. What would be the cost of the link without the additional gallery space and public seating?

Answer: At its lower level the link between the Sackler and the Freer Galleries is about 120 feet long. To avoid the negative feelings associated with a long underground public corridor, about 80 feet of the corridor has been widened by about 8 feet to provide for the display of exhibits. It is expected that the exhibit materials (frequently photographs) will involve a low security risk and will not require the presence of a museum guard. The public seating is in the form of typical hallway or gallery benches. We believe that the additional space being provided (about 650 square feet) is consistent with the overall design of the facility and ask that it be retained. The estimated cost of the 650 square feet is $130,000 and the seating is $10,000.

Question: Were galleries part of the original plan for the link?

Answer: Yes, galleries were part of the original plan for the link to the extent that they were and are viewed as a highly desirable improvement to the nearly 120-foot long subterranean corridor between the lower Freer elevator lobby and the Sackler.

Question: Secretary Adams, as you know, the authorizing legislation specified that federal funds must be matched on a 50-50 basis with non-federal funds on the Quadrangle project. The converse, however, is not the case. You have additional trust funds earmarked for this project in excess of the federal funds provided to date. We might suggest that any expenditures planned for fiscal year 1985 which were not part of the construction budget, such as furnishings and security equipment be funded solely from trust funds until Congress has had the opportunity to react to this proposal. Is that agreeable?

Answer: The fund-raising effort conducted by Secretary Ripley and others was on the basis of full-sharing in the costs of this project. It was certainly the understanding by donors large and small that their contributions would be matched by Federal appropriations. That bargain should now be upheld. The requirement by the Congress that a dollar of Trust funds should be spent for each dollar of appropriated funds should also work the other way. As suggested in an earlier answer, you should have the opportunity to react to this proposal but we do not wish to advance Trust funds.

Air and Space Equipment

Question: An increase of $150,000 was provided in fiscal year 1985 to accelerate the video disc program of the Air and Space Museum. That increase appears to now be reflected in the base equipment budget of the Museum. Why is this?

Answer: Funding provided in FY 1985 to accelerate the video disc projects permitted the continued support for these long-term efforts to store and retrieve archival documents. The majority of the funding utilized for the technological development and application of the digital video disc project was for the purchase of equipment and related software. In the information provided for the record to the House Appropriations Subcommittee, after the FY 1985 House hearings, the need to continue this funding after FY 1985 was identified. Presently, dramatic breakthroughs in these technologies occur every three to six months. Continued funding for equipment and software for the project is
required in FY 1986 and following years to take advantage of these state-of-the-art breakthroughs to refine and enhance the system.

Museum Support Center Move Schedule

Question: Please provide a copy of the original schedule of the MSC move and the current re-estimate of the move schedule. Also, please provide the original cost estimate and the most recent cost estimate showing funds appropriated to date, requested for fiscal year 1986, and future year requirements.

Answer:

<table>
<thead>
<tr>
<th>Move Schedules*</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Original</strong></td>
<td><strong>Current Re-estimate</strong></td>
</tr>
<tr>
<td>Pod 1 High Density:</td>
<td>December 1984 - September 1989</td>
</tr>
</tbody>
</table>

**Move Budget Activity Table**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Original Cost Estimate</th>
<th>Actual Cost and Projected Cost Estimate</th>
<th>Budget Request</th>
<th>Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983</td>
<td>1,100</td>
<td>543</td>
<td>1,100</td>
<td>1,100</td>
</tr>
<tr>
<td>1984</td>
<td>750</td>
<td>482</td>
<td>750</td>
<td>750</td>
</tr>
<tr>
<td>1985</td>
<td>750</td>
<td>506</td>
<td>750</td>
<td>706</td>
</tr>
<tr>
<td>1986</td>
<td>1,100</td>
<td>750</td>
<td>1,100</td>
<td>***</td>
</tr>
<tr>
<td>1987</td>
<td>700</td>
<td>1,100</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>1988</td>
<td>600</td>
<td>1,200</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>1989</td>
<td>350</td>
<td>450</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>1990</td>
<td>—</td>
<td>100</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>TOTAL</td>
<td>5,350</td>
<td>5,131</td>
<td>***</td>
<td>***</td>
</tr>
</tbody>
</table>

* Move schedules and associated costs are projections only, because the change in the MSC Storage System from a metal erector set to concrete decks is still in the design phase and its impact on the move schedule is not fully known.

** Move schedules reflect time estimates for actual move of collections to MSC on availability of storage equipment. These schedules do not reflect time required to prepare collections for move prior to availability of this equipment.

*** Not yet determined.

Sackler Gallery Staffing

Question: Requested funding for positions, in most cases, is for only a portion of the fiscal year. What are the full year costs associated with the positions for the Sackler Gallery?

Answer: The full year cost associated with the 19 new positions requested for the Sackler Gallery is $492,000.

Question: Please provide a detailed timetable of activities associated with the opening of the Sackler Gallery.

Answer: The schedule of activities associated with the opening follows:

FY 1986
Oct Continue preparation, repair of objects to be shown in the inaugural exhibition.
Oct Design of exhibition including layout of objects.
Oct Begin to order equipment and furnishings.
Nov Complete photography of Sackler collection.
<table>
<thead>
<tr>
<th>Month</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec</td>
<td>Design of temporary walls, exhibition cases, lighting, security requirements, seating needs in exhibition areas, exhibition props, other structures.</td>
</tr>
<tr>
<td>Feb</td>
<td>Begin contracting process for construction of exhibition walls, cases, lighting fixtures, and other structures.</td>
</tr>
<tr>
<td>Feb</td>
<td>Begin contracting process for graphics.</td>
</tr>
<tr>
<td>Apr</td>
<td>Begin design of exhibition labels, graphics.</td>
</tr>
<tr>
<td>Apr</td>
<td>Press releases, photographs, transparencies for the media in regard to the programs and purposes of the new Gallery, the progress of the construction, and the opening exhibition.</td>
</tr>
<tr>
<td>May-Jun</td>
<td>Beneficial occupancy.</td>
</tr>
<tr>
<td>May-Jun</td>
<td>Transfer from Freer and MSC to Sackler Gallery.</td>
</tr>
<tr>
<td>Jun</td>
<td>Construction of temporary walls and other structures.</td>
</tr>
<tr>
<td>Jul</td>
<td>Installation of standard, general lighting fixtures.</td>
</tr>
<tr>
<td>Aug</td>
<td>Installation and painting of temporary walls and other structures.</td>
</tr>
<tr>
<td>Aug</td>
<td>Construction and painting of exhibition cases.</td>
</tr>
<tr>
<td>Aug</td>
<td>Preparation of large graphical materials.</td>
</tr>
<tr>
<td>Aug</td>
<td>Construction of exhibition props.</td>
</tr>
<tr>
<td>Aug</td>
<td>Preparation, editing of exhibition labels.</td>
</tr>
<tr>
<td>Sept</td>
<td>Construction of seating for visitors.</td>
</tr>
</tbody>
</table>

**FY 1987**

<table>
<thead>
<tr>
<th>Month</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct</td>
<td>Installation of area carpets.</td>
</tr>
<tr>
<td>Nov</td>
<td>Installation of special lighting fixtures.</td>
</tr>
<tr>
<td>Jan</td>
<td>Installation of exhibition cases.</td>
</tr>
<tr>
<td>Feb</td>
<td>Order plants, flowers for exhibition opening.</td>
</tr>
<tr>
<td>Feb</td>
<td>Printing of floor plans, introductory brochures, gallery leaflets, catalogues of the collection.</td>
</tr>
<tr>
<td>Mar</td>
<td>Installation of exhibition props.</td>
</tr>
<tr>
<td>Apr</td>
<td>Installation of visitor seating in the exhibition areas.</td>
</tr>
<tr>
<td>Apr</td>
<td>Printing of exhibition labels.</td>
</tr>
<tr>
<td>Apr</td>
<td>Installation of security devices in cases and on walls.</td>
</tr>
<tr>
<td>May</td>
<td>Full complement of guard force on duty.</td>
</tr>
<tr>
<td>May</td>
<td>Installation of large graphical materials.</td>
</tr>
<tr>
<td>May</td>
<td>Installation of the objects into the exhibition galleries.</td>
</tr>
<tr>
<td>May</td>
<td>Installation of exhibition labels, other textual matters.</td>
</tr>
<tr>
<td>May</td>
<td>Adjustment of special lighting.</td>
</tr>
<tr>
<td>May</td>
<td>Installation of plants, flowers in exhibition areas.</td>
</tr>
<tr>
<td>May</td>
<td>Touch-up painting.</td>
</tr>
<tr>
<td>May</td>
<td>Opening of inaugural exhibition.</td>
</tr>
</tbody>
</table>

**Question:** Please provide the same information on positions and scheduling for the Museum of African Art.

**Answer:** The full year cost associated with the 14 new positions requested for the Museum of African Art is $327,000.

The schedule of activities associated with the opening follows:

**FY 1986**

<table>
<thead>
<tr>
<th>Month</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct</td>
<td>Begin to order equipment and furnishings.</td>
</tr>
<tr>
<td>Nov-Dec</td>
<td>Consultant for African Textiles exhibition arrives.</td>
</tr>
<tr>
<td>Nov-Dec</td>
<td>Selection of objects for African Art from the Permanent Collection exhibition is completed.</td>
</tr>
<tr>
<td>Jan</td>
<td>Selection of objects for African Art and the Cycle of Life exhibition is completed.</td>
</tr>
<tr>
<td>Jan</td>
<td>Selection of textiles for African Textiles exhibition completed.</td>
</tr>
<tr>
<td>Feb</td>
<td>Processing of loan agreements for African Art and the Cycle of Life exhibition begins.</td>
</tr>
<tr>
<td>Feb</td>
<td>Design of African Art from the Permanent Collection exhibition.</td>
</tr>
<tr>
<td>Mar</td>
<td>Photography of exhibition material for Permanent Sculpture exhibition.</td>
</tr>
<tr>
<td>Apr</td>
<td>Design of African Textiles exhibition.</td>
</tr>
<tr>
<td>Apr</td>
<td>Photography of exhibition material for African Textiles exhibition.</td>
</tr>
<tr>
<td>Apr</td>
<td>Textile conservation and mounting begins.</td>
</tr>
<tr>
<td>May-Jun</td>
<td>Contract for construction of exhibit components.</td>
</tr>
<tr>
<td>May-Jun</td>
<td>Design of loan exhibition African Art and the Cycle of Life.</td>
</tr>
<tr>
<td>May-Jun</td>
<td>Beneficial occupancy of building.</td>
</tr>
<tr>
<td>May-Jun</td>
<td>Move of staff and collection from A Street.</td>
</tr>
<tr>
<td>May-Jun</td>
<td>Construction of installation components begins for African Textiles and African Art from the Permanent Collection.</td>
</tr>
<tr>
<td>July</td>
<td>Installation of general lighting fixtures.</td>
</tr>
<tr>
<td>July</td>
<td>Manuscripts to Si Press for opening exhibition catalogues.</td>
</tr>
</tbody>
</table>
Aug Construction of installation components for African Art and the Cycle of Life.
Press releases, photographs, transparencies for media to publicize opening exhibitions and programs.
Contract A/V program production.

Sept Construction of seating for visitors.
Design of Orientation and Focus galleries.

FY 1987

Oct Mounting of photo murals for Orientation Gallery.

Nov Installation of special lighting fixtures.

Dec Installation and painting of temporary walls, platforms.
Jan Label and text panel copy completed and contextual visuals selected.
Installation of exhibition cases for Permanent Sculpture exhibition.
Feb Objects for loan exhibition African Art and the Cycle of Life are received.
Print gallery guides, introductory brochures, leaflets.
Installation of exhibition cases for African Art and the Cycle of Life exhibit.
Printing of all labels and text panels completed.

Mar Begin installation of security devices in cases and on walls.
Installation of Orientation and Focus galleries.
Installation of objects for Permanent Sculpture and African Textiles exhibitions.
Partial guard staff installed.

Apr Installation of Focus Gallery.
Installation of visitor seating in galleries.
Install and test A/V equipment and program material.

May Full guard complement on duty.
Installation of objects for African Art and the Cycle of Life exhibition.
All labels, text panels, graphics in place.
Adjust lighting, touch-up painting, flowers and plants in exhibition areas.
Opening of inaugural exhibitions.

Question: Prior to completion of the Quadrangle, where does the Smithsonian plan to house all the new employees requested in the fiscal year 1986 budget?

Answer: New program personnel will be hired during the fiscal year after space is available in the Quadrangle. In a few instances, new employees requested for organizations to be located in the Quadrangle will be housed in existing bureau space and move to the Quadrangle along with their bureaus. Most support employees such as guards and maintenance personnel will undergo a brief orientation/training period in other Mall buildings and report to the Quadrangle in accord with the occupancy schedule.

Question: Please detail the different functions between the increase and staff requested for the Office of Exhibits Central with respect to the Quadrangle and those positions requested in the two galleries and in the Directorate of International Activities for exhibition activities.

Answer: New staff requested for the Office of Exhibits Central will directly support the exhibition program of the International Center. The two positions requested by the Directorate of International Activities are a program director and an education specialist. New staff for the two Quadrangle museums will support the programs of the Museum of African Art and the Sackler Gallery. There may be rare occasions when all the staffs of the various units housed in the Quadrangle work together on a joint undertaking; but much more often, each unit will be pursuing its own activities with appropriately specialized staff.

Question: When is the Smithsonian scheduled to receive occupancy of the entire Quadrangle complex?

Answer: Occupancy of the Quadrangle is expected to be as follows, subject to contractor's and GSA's agreement to make space available in advance of formal contract completion (currently March 20, 1986).

3rd level and kiosk. Occupancy by operating engineers and security personnel in February 1986. Occupancy by program units (Smithsonian Institution Traveling Exhibition Service, Smithsonian Institution Resident Associate
Occupancy Zoo Administration for FY new budget reservation used sently. believer cost procured operational installing initiated; of CAL 1986. recovered operational software. The zoo is currently working on the estimates for equipment and plans to include the request for funds in FY 1987 and FY 1988.

Conservation Analytical Laboratory

Question: Four additional positions and $311,000 are requested for additional work at the Museum Support Center. Will this complete the staffing requirements for CAL? If not, what is the current estimate of future requirements?

Answer: The additional four positions requested for CAL in FY 1986 are part of the planned growth of CAL's highly specialized staff, which has been projected and described in recent budget justifications. The program expansion of CAL will necessitate a gradual growth of staff and resources which is presently projected to continue through 1990. According to present planning CAL will be fully operational in each of its functions including archaeometry, conservation science, conservation treatment, and training. Between 1986 and 1990, the projected growth will call for 17 additional positions, of which 7 will be needed for the full development of the conservation training program.

Question: Are the full year costs of these positions reflected in the budget request?

Answer: The FY 1986 budget request reflects full year funding for the four new positions sought for CAL. The specialists described in the request are urgently needed. Upon Congressional approval, immediate recruitment will be initiated; it is expected that the positions could be filled at the start of FY 1986.

Administration

Question: Please explain the relationship between the request of $200,000 for software applications and base resources of $425,000 for purchasing and installing work stations with the requests in various History and Art bureaus for automation.

Answer: The overall strategy for funding the automation program in the institution is that the central special appropriation ($425,000 in FY 1985) is used for major capital investments in institution-wide information systems including acquisition of software and terminal and storage devices to handle that software. Examples of this include the bibliographic system which is now operational and the collections information system for which software will be procured in FY 1985. Trust funds are being used to purchase major central processors, including the one for the bibliographic system, with this investment to be recovered over a period of years through the establishment and operation of cost centers.

Bureau and office funds, including those requested in the FY 1986 budget, will be used to support the ongoing acquisition, maintenance, support and replacement of automation equipment to meet initially their individual requirements for word and data processing but longer-range to give them the base capacity also to sustain and enlarge their use of institutional systems. For example, in FY 1986 with funds requested by the history and art museums and galleries, personal computers, printers and related equipment would be acquired to assist with bureau administrative work and with research, collections management, education and exhibition functions, specialized to the particular museum, art gallery, or archives. As examples, the Museum of American History would use this tool to help track projects, the Museum of American Art would maintain loan records, and
the Hirshhorn Museum would use its equipment for exhibition planning and layout among other tasks.

With the requested level of $625,000 in FY 1986, the Office of Information Resource Management will purchase and install workstations throughout the Institution for individual researchers and collections managers to use the bibliographic and collections information systems ($200,000); and begin the implementation of a Smithsonian-wide administrative management system ($225,000); and begin the implementation of the communications network linking buildings and offices through the purchase and installation of cable and specialized software ($200,000) using the raceways to be provided through the Restoration and Renovation budget. While the workstations to be provided from this account will be compatible with those that the history and art bureaus are requesting, they will be made available to other staff as the bibliographic and collections systems are installed. Once this initial installation is completed, the bureaus will be expected to maintain and replace all workstations with their base funds.

Office of Plant Services

Question: $321,000 is sought for a building management unit at the Quadrangle. Included in the Quadrangle will be the National Associate and the Resident Associate programs which are fully trust funded. What trust funds will be applied to their share of plant services and protection services?

Answer: These programs, as well as other trust-funded auxiliary activities, presently pay "rent" to the Institution for the administrative spaces they occupy in Smithsonian buildings. When the two Associate programs occupy space in the Quadrangle, that practice will continue and those programs will pay about $300,000 for the square footage they occupy. While these funds do go to meet facilities-related costs, they are not applied directly to plant maintenance and protection since these are federal responsibilities. As is noted on page 6 of the FY 1986 budget document, "rent" paid by the auxiliary activities is used to share in the costs of space rented by the Institution at L'Enfant Plaza for Smithsonian administrative units. This process reduces the requirement for federal funds for such rentals.

Cooper-Hewitt Inventory

Question: Page 99 of the justification indicates that the Smithsonian will inventory the archival holdings at the Cooper-Hewitt. What is the anticipated expenditure for this activity in fiscal year 1986?

Answer: Expenditures for collections management work with archival collections in FY 1986 will depend, for the largest part, upon private fund-raising success. A grant proposal for $7,500 has been sent to the New York State Council on the Arts. The work referred to on page 99 of our justification does not involve "inventory" of these archival collections but the organization, indexing and rehousing in archivally acceptable conditions of the papers of Donald Deskey, one of America's pioneer industrial designers.

Previous efforts in this area have all been undertaken with private funds raised by the Museum. A grant of $14,000 from the Hallmark Foundation permitted the Museum to organize the papers of the industrial designer, Henry Dreyfuss; the New York State Council on the Arts provided $5,000 for similar work with the papers of the graphic designer, Ladislav Sutnar; and $20,000 from the J.M. Kaplan Fund has been received for work with the picture files, an enormous bank of images and illustrations of great use to designers and others since the museum's founding. This file also includes the specialized materials of the Maximus collection and the George Kubler collection. In every case, the Museum has also contributed indirect resources of management staff time and to the extent possible, related direct costs not covered by the grants but necessary for the completion of a project. In FY 1986 we anticipate allowing as much as $10,000 from Trust fund base resources as a match for the NYSCA grant if it is awarded.

Question: Are federal funds being spent in any other Smithsonian museum to inventory items that are "not part of the permanent collections"?

Answer: No federal funds are being spent in any other Smithsonian museum to inventory such items.
Anacostia Neighborhood Museum

Question: What is the schedule for moving the Anacostia Neighborhood Museum from the Carver Theater to the newly constructed facility at Fort Stanton?

Answer: The contract for the expanded facility at Fort Stanton calls for construction completion in April of 1986. The move from the Carver Theater would therefore be accomplished subsequently in the spring of 1986.

Question: What is the annual lease cost for the Carver Theater?

Answer: The cost of the present lease if $34,000 annually for the theater and $1,500 annually for the vacant lot next to the theater.

Question: Can we rely on the statement in the justification that the lease savings will be applied to equipping and furnishing the new exhibit area?

Answer: Yes. The plan is to apply such savings toward equipping and furnishing the new exhibit area.

Academic Programs

Question: Over the past three years how much has the Smithsonian provided to the advanced research centers through the Special Foreign Currency Fund?

Answer: The Smithsonian Special Foreign Currency Program has provided funds to the American Research Center in Egypt (ARCE) and to the American Institute of Indian Studies (AIIS) as follows:

<table>
<thead>
<tr>
<th>ARCE</th>
<th>AIIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 1982</td>
<td>$312,153</td>
</tr>
<tr>
<td>FY 1983</td>
<td>$235,103</td>
</tr>
<tr>
<td>FY 1984</td>
<td>$177,111</td>
</tr>
</tbody>
</table>

In addition, Smithsonian Trust funds have been made available for the operation of the Council of American Overseas Research Centers as follows:

| FY 1982 | $9,200 |
| FY 1983 | $7,000 |
| FY 1984 | $6,000 |

A budget of $21,000 has been approved for FY 1985 from Smithsonian Institution Unrestricted Trust funds. CAORC expenditures have included clerical/technical assistance, brochures, stationery/postage, word processing, legal fees, travel, meetings, and equipment.

Computer Services

Question: Increases are sought throughout the budget for procurement of both hardware and software, additional staff, and installation of a cable network. Please provide a table indicating base resources (by major division: Science, History and Art, etc.), available for the purchase of hardware and software, installation, operational costs of the system (including staff), proposed increases for fiscal year 1986, and estimates of additional requirements for fiscal years 1987-1989.

Answer: The following table shows federal operating expenditures for automation in fiscal year 1984 and the requested increases for fiscal year 1986. These figures do not include expenditures for security, mechanical and other building-related computer systems which are dedicated to those purposes. While it is anticipated that fiscal year 1985 expenditures for the Institution as a whole will approximate the level for fiscal year 1984, the distribution will likely be different. This is because most bureaus and offices do not have bases for ongoing automation efforts. This is particularly true in the history and art bureaus which the fiscal year 1986 requests are meant to begin to correct. To date, funds for the acquisition of equipment and software and for services have been developed through lapsed savings in personnel accounts or by deferring less urgent expenditures in order to acquire these important tools for word and data processing. Information for fiscal year 1985 as well as projections for fiscal years 1987 - 1991 are now being collected from all organization units for
the formulation of new budgets and preparation of the Five Year Prospectus. It is clear, however, that additional funds will be required in the out years to establish adequate base level capabilities in all activity areas.

In addition to the Salaries and Expenses costs and requests, the Institution is seeking funding in the Restoration and Renovation of Buildings account for the development of a communications pathway or raceway system to accommodate electronic requirements to link Smithsonian buildings in the Mall area. An amount of $250,000 is sought in FY 1986 to initiate the first construction phase which will interconnect buildings. Further amounts totaling $9.5 million are expected to be sought through FY 1990 to continue the first phase and extend the raceway throughout each building.
## AUTOMATION

### 1984 EXPENDITURES AND 1986 INCREASES

<table>
<thead>
<tr>
<th>Activity</th>
<th>1984 Expenditures</th>
<th>Purchase and Installation Hardware and Software</th>
<th>Personnel/1</th>
<th>Other/2</th>
<th>Total</th>
<th>1986 Increases</th>
<th>Purchase and Installation Hardware and Software</th>
<th>Personnel/1</th>
<th>Other/2</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Science</td>
<td>737</td>
<td>2,084</td>
<td>3,115</td>
<td>7,006</td>
<td>649</td>
<td>101</td>
<td>410</td>
<td>1,160</td>
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<tr>
<td>History and Art</td>
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<td>1,408</td>
<td>693</td>
<td>2,774</td>
<td>224</td>
<td>26</td>
<td>0</td>
<td>25</td>
<td>20</td>
<td>430</td>
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<tr>
<td>Public Service</td>
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<td>25</td>
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<td>0</td>
<td>0</td>
<td>0</td>
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<td>Museum Programs</td>
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<td>228</td>
<td>261</td>
<td>0</td>
<td>0</td>
<td>200</td>
<td>200</td>
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<tr>
<td>Int'l Activities</td>
<td>0</td>
<td>0</td>
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<td>0</td>
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<td>0</td>
<td>20</td>
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<tr>
<td>Special Programs</td>
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<td>14</td>
<td>25</td>
<td>0</td>
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<td>0</td>
<td>185</td>
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<tr>
<td>Administration</td>
<td>673</td>
<td>1,707</td>
<td>3,115</td>
<td>7,006</td>
<td>649</td>
<td>101</td>
<td>410</td>
<td>1,160</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facilities</td>
<td>53</td>
<td>2,084</td>
<td>3,115</td>
<td>7,006</td>
<td>649</td>
<td>101</td>
<td>410</td>
<td>1,160</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

/1 Personnel costs include those staff engaged in systems planning, development and implementation and directly related tasks. Not included are those staff engaged in information input which would cover such staff as secretaries, inventory personnel, and the like.

/2 Other costs include equipment rental, space rental, commercial services (such as maintenance; purchased computer time; and contracted analysis, programming and design) and use of the Institution's computer cost centers.
Quality of Smithsonian Restaurant Facilities

Question: Isn't it unlikely that a short-term contractor with a lease of only a couple of years would be as committed to maintaining the excellence of the facilities and providing the high standards of service as would an entrepreneur who not only had $23 million of his own money on the line, but had the visibility and had made the commitments that Warner LeRoy and Marriott Corporation have made?

Answer: Maintaining excellence of the facilities and providing high standards of service will be contractual requirements for ANY agreement entered into by the Smithsonian with a food service vendor. The duration of the agreement and any amounts invested are separate contractual matters; not motivational factors. What has been missed in all discussions of investment in food facilities is the fact that the Smithsonian will be required to REPAY the monies advanced, whether these monies be advanced by a food service vendor or by a bank or from the Institution's Trust funds. The facilities are currently and will continue to be an asset of the Smithsonian, not the vendor, and will be viewed as such by the visiting public.

QUESTIONS SUBMITTED BY SENATOR PAUL LAXALT

Question: Why does the Administration propose transferring funding for the American Overseas Research Centers from USIA to the Smithsonian?

Answer: Without attempting to speak for the Administration, the Smithsonian Institution has no reason to believe that the intention is to transfer any function from USIA to the Smithsonian. While USIA on occasion provides core funding for some of the centers it does not do so on a regular, sustained basis which is what the Smithsonian proposes to do. It is our expec-tation and very strong hope that USIA will continue to fund aspects of operations, fellowships and projects of the centers as those activities coincide with USIA objectives.

Question: Why do you feel that the Smithsonian can better handle this function than USIA?

Answer: The USIA has specific purposes which it must pursue in order to fulfill its particular mission. This is equally true of the other federal agencies which from time to time provide support to some of the centers.

For example the centers provide for sustained scholarly relations even in times of political difficulties between governments. USIA would have difficulty in maintaining centers under such conditions while the Smithsonian is not limited in the same way. The Smithsonian has as its fundamental purposes the support of basic research in all disciplines of scholarly endeavor, and dissemination of its findings, the same purposes which have brought the centers into being.

The centers are not now receiving funding at adequate levels nor is the funding distributed in a way that meets their needs systematically. The Smithsonian is the most appropriate vehicle to provide for these needs.

Question: Please provide a list of the total budget and the total Federal appropriation of each member organization.

Answer: The following information is derived from the Centers' most recent annual reports.

<table>
<thead>
<tr>
<th>Organization</th>
<th>Total Budget</th>
<th>Federal Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Academy in Rome</td>
<td>$1,900,000</td>
<td>$332,000</td>
</tr>
<tr>
<td>American Institute for Yemeni Studies</td>
<td>$119,000</td>
<td>$57,000</td>
</tr>
<tr>
<td>American Institute of Indian Studies</td>
<td>$2,556,000</td>
<td>$2,465,958</td>
</tr>
</tbody>
</table>

(including "excess" rupees)}
American Institute of Iranian Studies
Total budget $8,000
No Federal Funds Received

American Institute of Pakistan Studies
Total budget $37,000
Total Federal funds $32,000 (including "excess" rupees)

American Research Center in Egypt
Total Budget $708,000
Total Federal funds $402,870 (including "excess" pounds)

American Research Institute in Turkey
Total budget $178,000
Total Federal funds $126,500

American School of Classical Studies
Total budget $1,500,000
Total Federal funds $75,000

American Schools of Oriental Research
Total budget $1,000,000
Total Federal funds $178,000

Universities Service Centre
Total budget $225,000
Total Federal funds $150,000

Question: Please provide a brief description of the specific programs carried out by each member organization.

Answer: Overseas research centers provide essential support services to American scholars abroad. They offer administrative assistance to the visiting scholars, most importantly in maintaining relations with the host country governments and in procuring official approval of research projects. All centers actively foster contact between American scholars and their local counterparts. Sponsored research, fellowship, and public programs vary from center to center.

The American Academy in Rome provides fellowships for post-graduate study in Rome; the center has library, meeting, residence, and dining facilities; serves as liaison with the Italian government for all American scholars to obtain required permits for archaeological excavations; sponsors weekly lectures, concerts, and cultural presentations for the general public and other academics; sponsors publications program.

The American Institute for Yemen Studies offers fellowships for study at the Center; the Center has library and hostel facilities; Institute acts as liaison with the Yemen Arab Republic and arranges necessary research and excavation permits; sponsors publications program; sponsors regular lecture and seminar program in Y.A.R. and U.S.

The American Institute of Indian Studies sponsors fellowships and language-training programs in India; three regional offices provide administrative and orientation services, have libraries, hostel facilities; Art and Archaeology research center at Benares, Ethnomusicology Center at Pune sponsor scholarly programs, publications; regional centers provide necessary institutional affiliation for governmental approval of research projects.

The facilities of the American Institute of Iranian Studies in Tehran have been closed since 1980; AIIS now publishes study and bibliographic guides to Persian language materials and supports a graduate fellowship.

The American Institute of Pakistan Studies supports American fellows in Pakistan and Pakistani scholars in the U.S.; provides the required institutional affiliation for research projects in Pakistan to receive governmental approval.

The American Research Center in Egypt sponsors fellowships for study in Egypt; the Center in Cairo has residence, library, office, and study facilities; procures governmental approval for archaeological excavations; sponsors seminars, lectures; publishes newsletter, journal; edits translations, catalogues of Egyptian National Library collection; provides office, field equipment for researchers.
The American Research Institute in Turkey sponsors fellowships in Turkey; offers institutional affiliation for governmental approval of research projects; two research centers provide library, meeting rooms, and hotel facilities.

The American School of Classical Studies at Athens sponsors fellowships in Greece; the school has libraries, museums, residence, dining, study facilities; serves as liaison for American archaeological projects in Greece; sponsors publication program.

The American Schools of Oriental Research sponsor fellowships at three research centers in Jerusalem, Israel, Amman, Jordan, and Nicosia, Cyprus; centers have libraries, meeting rooms, and residential facilities: ASOR oversees archaeological projects, procures governmental permits for field projects; sponsor exhibits, lectures, educational programs at centers and in the U.S.; ASOR publishes newsletters, journals, and monographs.

The Universities Service Centre has a library and study facilities for scholars in Hong Kong; sponsors weekly roundtable discussions for visiting scholars.

Question: Do you anticipate continued participation by any other Federal agency in the funding of CAORC member organizations?

Answer: We have every reason to believe that the Federal agencies which have funded programs and projects of the centers will be encouraged by added stability for the centers to maintain their commitment to center programs. These commitments, of course, might vary depending upon other priority programs of these agencies, although we hope center programs will continue to compete successfully with other applicants for funding in these areas.

Questions Submitted by Senator Dale Bumpers

Question: What steps are being taken to reduce the costs of operating these facilities while still providing an appropriate level of public service?

Answer: A variety of actions take place to achieve appropriate levels of public service while operating economically. Our five-year planning process coupled with careful annual review of budgets forces consideration of priorities and disciplines the staff and management to concentration of priorities on those priorities to the exclusion of less urgent work. Except for the staffing of new facilities and necessary augmentation of our museum security force, the Institution has operated within stable employment for several years under workyear ceilings established by the Office of Management and Budget. This has required the staff to become more productive. We make extensive use of the private sector to perform services for the Institution where it is determined that such work can be performed effectively and economically. Increasingly automation is being applied to administrative, research, collections management, and library functions to provide efficient tools to the staff. Since the costs of maintenance, operation and protection of our facilities constitute about 30 percent of our federal operating budget, a number of specific actions have been taken to control these costs. Life cycle costs and related operating efficiency have been stressed in new facilities completed, under construction, or planned. We are emphasizing plant equipment replacement to eliminate equipment which is obsolete, requires costly maintenance and repair, is oversized or otherwise inefficient by energy conservation standards, or is unnecessarily labor intensive. Related to this effort, we have a comprehensive program to control energy conservation and to monitor use of mail and long distance telephone services. We are installing security-monitoring equipment to augment our guard force. Within the finite workhours available for trade and craft services, we have imposed strict limitations through a quota system on the use of those hours for program support in order to assure that hours were available for building maintenance. Overtime is examined closely and to control costs we have established the policy of temporary closing of low-visitor volume exhibits in lieu of guard overtime.

Question: What percent of your total budget is represented by federal appropriations, grants and contracts?

Answer: Federal appropriations and Federal grants and contracts for FY 1985 taken together comprise approximately 56 percent of the total Institution's gross operating revenues or approximately 84 percent of net operating revenues.
Question: Is this ratio of appropriated to non-appropriated funds increasing or decreasing?

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<tbody>
<tr>
<td>Federal S&amp;E and Federal Grants and Contracts</td>
<td>85%</td>
<td>88%</td>
<td>85%</td>
<td>83%</td>
<td>84%</td>
</tr>
<tr>
<td>Nonappropriated (net)</td>
<td>15%</td>
<td>12%</td>
<td>15%</td>
<td>17%</td>
<td>16%</td>
</tr>
</tbody>
</table>

Over a five year period, the ratio of appropriated funds (Federal S&E and Federal Grants and Contracts) to net nonappropriated funds has remained relatively constant.

Question: Is it conceivable that sometime in the near future we can reduce or stabilize the federal outlay based on greater involvement by the private sector combined with reductions in operating costs.

Answer: The operating budget requirements of the Institution are affected largely by the care of the National Collections and the operation, maintenance, and protection of a large physical plant housing those collections for research and exhibition purposes. While it is unlikely that we will see the same level of physical and program expansion as has been experienced over the past years, some budget growth will be sought to meet support and program needs and to provide for any new facilities authorized by the Congress. We will continue to operate efficiently using the private sector to supply services in lieu of using in-house staff where we determine that contracting is as effective and less expensive. As is noted in our previous answer, our self-help measures through our auxiliary activities are now providing about $20 million net unrestricted trust funds that can be allocated by the Board of Regents to research and education and other purposes. These funds have helped to hold down requirements for additional federal funds and, in a few instances, have replaced federal funds.

SUBCOMMITTEE RECESS

Senator McClure. The subcommittee will stand in recess until Thursday, March 21, at 1 p.m., at which time we will review the fiscal year 1986 budget estimates for the energy conservation programs of the Departments of Energy.

[Whereupon at 3:50 p.m., Tuesday, March 19, the subcommittee was recessed, to reconvene at 1 p.m., Thursday, May 21.]