HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
NINETY-EIGHTH CONGRESS
FIRST SESSION

SUBCOMMITTEE ON THE DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES

SIDNEY R. YATES, Illinois, Chairman
JOHN P. MURTHA, Pennsylvania
NORMAN D. DICKS, Washington
WILLIAM R. RATCHFORD, Connecticut
EDWARD P. BOLAND, Massachusetts
LES AU Coin, Oregon

JOSEPH M. McDade, Pennsylvania
RALPH REGULA, Ohio
TOM Loeffler, Texas

Frederick G. Mohrman, D. Neal Sigmon, and Kathleen R. Johnson, Staff Assistants

PART 8

<table>
<thead>
<tr>
<th>Agency</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smithsonian Institution</td>
<td>1</td>
</tr>
<tr>
<td>National Endowment for the Humanities</td>
<td>299</td>
</tr>
<tr>
<td>National Endowment for the Arts</td>
<td>411</td>
</tr>
<tr>
<td>U.S. Geological Survey</td>
<td>615</td>
</tr>
<tr>
<td>Institute of Museum Services</td>
<td>741</td>
</tr>
</tbody>
</table>

Printed for the use of the Committee on Appropriations
DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR 1984

Wednesday, March 16, 1983.

SMITHSONIAN INSTITUTION

WITNESSES

S. DILLON RIPLEY, SECRETARY
PHILLIP S. HUGHES, UNDER SECRETARY
DAVID CHALLINOR, ASSISTANT SECRETARY FOR SCIENCE
JOHN F. JAMESON, ASSISTANT SECRETARY FOR ADMINISTRATION
PAUL N. PERROT, ASSISTANT SECRETARY FOR MUSEUM PROGRAMS
JOHN E. REINHARDT, ACTING ASSISTANT SECRETARY FOR HISTORY AND ART
EDWARD F. RIVINUS, ACTING DIRECTOR OF PUBLIC SERVICE
CHRISTIAN C. HOHENLOHE, TREASURER
TOM L. PEYTON, DIRECTOR, FACILITIES SERVICES
THEODORE H. REED, DIRECTOR, NATIONAL ZOOLOGICAL PARK
JON E. YELLIN, DIRECTOR, OFFICE OF PROGRAMMING AND BUDGET
WALTER J. BOYNE, DIRECTOR, NATIONAL AIR AND SPACE MUSEUM
GRETCHE N GAYLE ELLSWORTH, DIRECTOR, OFFICE OF FELLOWSHIPS AND GRANTS
RICHARD S. FISKE, DIRECTOR, NATIONAL MUSEUM OF NATURAL HISTORY/MUSEUM OF MAN
WILLIAM H. KLEIN, DIRECTOR, RADIATION BIOLOGY LABORATORY
IRWIN I. SHAPIRO, DIRECTOR, SMITHSONIAN ASTROPHYSICAL OBSERVATORY
CHRISTEN M. WEMMER, ACTING DIRECTOR DESIGNEE, NATIONAL ZOOLOGICAL PARK
CHARLES ELDREDGE, DIRECTOR, NATIONAL MUSEUM OF AMERICAN ART
ALAN FERN, DIRECTOR, NATIONAL PORTRAIT GALLERY
ROGER KENNEDY, DIRECTOR, NATIONAL MUSEUM OF AMERICAN HISTORY
ABRAM LERNER, DIRECTOR, HIRSHHORN MUSEUM AND SCULPTURE GARDEN
JANET SOLINGER, DIRECTOR, RESIDENT ASSOCIATES PROGRAM
SYLVIA WILLIAMS, DIRECTOR, NATIONAL MUSEUM OF AFRICAN ART
JAMES HOBBINS, EXECUTIVE ASSISTANT TO THE SECRETARY
MARY GRACE POTTER, DIRECTOR, VISITOR INFORMATION AND ASSOCIATES' RECEPTION CENTER
PEGGY LOAR, DIRECTOR, SMITHSONIAN INSTITUTION TRAVELING EXHIBITION SERVICE
ALAN POSTLETHWAITE, ACTING DIRECTOR, CONSERVATION ANALYTICAL LABORATORY
ROBERT BURKE, DIRECTOR, OFFICE OF PROTECTION SERVICES

(1)
INTRODUCTION OF WITNESSES

Mr. Yates. Mr. Reporter, show the hearing as coming to order. This is the hearing on the appropriations request for fiscal year 1984 for the Smithsonian Institution. And appearing before the committee in support of that appropriation is the distinguished Secretary, Mr. S. Dillon Ripley. He is accompanied by a distinguished group of associates, the Under Secretary, Phillip Hughes, David Challinor, John Jameson, the Administration.

Mr. Jameson. Good morning, sir.

Mr. Yates. Paul Perrot, in charge of museums. Mr. Reinhardt. You are still Acting Assistant Secretary. And another Acting Assistant Secretary, Mr. Rivinus.

Is that the correct pronunciation?

Mr. Rivinus. That is absolutely right, sir. Not everybody does it.

Mr. Yates. And Mr. Hohenlohe, Treasurer. Mr. Peyton, the Director, in charge of the roofs as I remember. Mr. Reed. Are you still here? And why are you going?

Mr. Reed. Yes, sir, until the 1st of April.

Mr. Yates. Mr. Yellin, Director of the Office of Programming and Budget.

Mr. Ripley’s statement may be made a part of the record.

There are also in attendance the directors of the various museums. We are delighted to have them here. Science, History and Art, Public Service, Museum Program—an awe-inspiring list. I guess we really wanted an audience today. We have biographies to go into the record. They may go in: Mr. Reinhardt, Mr. Rivinus, Mr. Fiske, Mr. Shapiro, Mr. Boyne, Mr. Eldredge, Mr. Fern, Mrs. Williams. I am glad to see that a Mrs. made the list.

[The statement of Mr. Ripley and the biographical information follow:]
STATEMENT OF S. DILLON RIPLEY, SECRETARY
SMITHSONIAN INSTITUTION
ON APPROPRIATIONS REQUESTED FOR FISCAL YEAR 1984

Mr Chairman, it is my privilege to appear again before your Subcommittee to testify on behalf of the Smithsonian's FY 1984 budget request. I would first like to express my deep appreciation to you and the members of the Subcommittee for your support of the programs, activities, and operating needs of the Institution. With the funds provided by the FY 1983 appropriation, we have been able to maintain the essential level of program and support operations this year, and to proceed with the inventories of our collection, the upgrading of security throughout the Institution, the revitalization of exhibit spaces in the National Museum of American History, and the restoration and renovation of our physical plant.

I am particularly grateful for your vital support of our Quadrangle project in FY 1983 and for your consistent support of the new Museum Support Center in Suitland, Maryland. Without the foresight and assistance of the Subcommittee, neither of these great undertakings—so important to achieving our goals of increasing intercultural understanding and caring for the National Collections—would be a reality. Because of the significance of these projects, I would like to report on the exciting progress that has been made during the past year on Quadrangle development and Museum Support Center construction and operations before addressing the specifics of our FY 1984 budget request.

Quadrangle

The February issue of the Smithsonian magazine, copies of which have been provided to the Subcommittee, included an article explaining to our Resident and National Associates the concept and plan for the Quadrangle. If I may, Mr. Chairman, I would like to reiterate the Quadrangle concept as written in my introduction to the article.

"For 137 years, the Smithsonian's scholars and scientists have explored and shed new light upon the history and art of the United States, and upon the cultures of people throughout the world from the earliest times to the present. But there is an important area to which we have been unable to do full justice: that vast and rich array of civilizations stretching from the Atlantic coast of Africa, across to the eastern Mediterranean, and east to the shores of the Pacific.

The Smithsonian's interest in these civilizations is of long standing. For decades Smithsonian art historians, archaeologists and ethnologists have worked in these areas; our Freer Gallery of Art is the most important museum in America specializing in the art of the Near East and Asia, and recently we were pleased to accept from Congress responsibility for the National Museum of African Art. But at a time when an understanding of non-Western cultures has assumed new urgency, we have come to realize that our existing facilities are inadequate to meet the growing need.

We are therefore beginning a major new project: the Center for African, Near Eastern and Asian Cultures, which we call the Quadrangle...."
We need reminders of the civilizations of the two-thirds of the world that are not Western: of the medicine, astronomy and mathematics we owe to the Arab world, of the inventiveness of the Chinese, of the creativity of the African nations, of the persistence of faith among the Jews. Museums can provide such reminders in very special ways. In a museum things are laid out, explained, shown tangibly so that one can see them, indeed often touch them, in a manner that is direct. The experience is more personal than what the television or movie screen can provide, more immediate even than reading. The Quadrangle will give our 25 million visitors each year (as well as all of those who see our traveling exhibitions across the land and in other countries) an opportunity to come into touch with the great cultural achievements of these vibrant peoples. Emphasizing both the rich diversity of these civilizations and the underlying brotherhood of mankind, the new Center will make an important contribution to the global understanding on which our future depends.

But the Quadrangle will not simply be an exhibit space. It will be an international center for research and symposia, a center for the exchange of ideas between cultures. As an apolitical showplace and forum, it will provide a meeting ground in which visitors from both worlds can gather in an atmosphere where all can feel at home. James Smithson spoke of his hope for the increase and diffusion of knowledge among all men. This institution was to benefit all, not merely Americans - but how better to benefit Americans than through this Center, a living force for illumination and hope?"

Gift of Dr. Arthur M. Sackler

Almost simultaneous with the passage of the Quadrangle appropriation last year, we were extraordinarily fortunate to receive from Dr. Arthur M. Sackler a pledge of $4 million toward the construction costs and a extraordinary gift of approximately 1,000 works of art, conservatively valued at more than $50 million, which will be housed in a new gallery bearing his name. The gift includes 133 Chinese bronzes from the Shang (circa 1529-1028 B.C.) through the Han (206 B.C. – A.D. 220) dynasties, 68 Chinese paintings from as early as A.D. 960 into the 20th century, and outstanding examples of Chinese lacquer. The donation also includes large groups of metalwork pieces and sculpture from the Near East, India, Cambodia and Thailand. The Sackler objects have been selected carefully and complement the Freer collections extremely well.

QUADRANGLE STATUS REPORT

Construction

The Institution has received all necessary approvals to proceed with construction. We are now working with the Fine Arts Commission on the final details of the landscaping plans. Site preparation already has begun with the relocation of shrubbery and trees (mainly to the Museum Support Center), the relocation of utility lines that pass through the Quadrangle, and the erection of necessary fences.

With construction plans and specifications completed and printed, invitations to bid on construction were issued on February 22, 1983. Public opening of the bids is scheduled for April 26. The construction period is expected to take 30 months, beginning this summer and ending early in calendar year 1986.
Fund Raising

I am most pleased to report that we have made considerable progress—stimulated by the receipt of the Federal share of funds—toward achieving our goal of raising the nonappropriated share of $37.5 million. To date, we have received approximately $30 million in cash and pledges from domestic and foreign corporations, foundations, individuals, foreign governments, and in commitment of the Institution’s nonappropriated Trust funds. A further sum of $4 million in individual donations is in the final stages of negotiation. A measure of the widespread support for the project from individuals across the country can be seen in the response to our recent appeals to our Resident and National Associates. Thus far, we have received over $1.1 million from more than 27,000 people who have donated an average of $40.00 each. We are very proud of these individual contributions. To us, this excellent response particularly in stressful economic times underscores the importance of our efforts to transcend international divisiveness and encourage appreciation for the universal achievements that unite mankind.

Program Development

The Quadrangle complex, in addition to housing the Sackler Gallery and providing space for the National Museum of African Art, will also make available facilities for the Resident and National Associate Programs, the Smithsonian Institution Traveling Exhibition Service and an International Center in its 363,000 gross and 203,000 net square feet. Annual operating costs for these activities are anticipated to total $30 million by FY 1988, of which approximately two-thirds will be derived from nonappropriated Trust funds. This figure is consistent with that included in our latest "Five-Year Prospectus" and will be updated during the next three years as we approach occupancy.

In December 1982 we took two further steps in the program development of the Quadrangle project, establishing a new Center for Asian Art and two standing committees for the art and cultures of Asia and Africa. Embracing both the Freer Gallery of Art and the future Sackler Gallery of Art, the new Center for Asian Art—a new line item in our FY 1984 request—will be under the direction of the Director of the Freer Gallery of Art. This administrative arrangement has been made in order to assure a coordinated approach to the Smithsonian’s programs for the study and display of Asian Art while at the same time encouraging the development and maintenance of a distinctive character for each. The Committee for Asian Art and Culture and the Committee for African Art and Culture will forge a closer working relationship between the National Museum of Natural History/Museum of Man, which contains numerous objects of African and Eastern ethnographic interest, and the Center for Asian Art and National Museum of African Art respectively. The two committees will exchange information on planned exhibitions, research projects, acquisitions and seminars.

MUSEUM SUPPORT CENTER - STATUS REPORT

The construction of the Museum Support Center in Suitland, Maryland, was substantially completed in January 1983. Following adjustments and testing of the fire alarm system, air handling systems and other plant equipment, the Smithsonian will approve acceptance of the facility, now anticipated for early April. During the initial period of occupancy, adjustments to the plant and equipment will continue, the process of installing the storage and laboratory equipment, relocating staff, and moving the collections into the Center will be
initiated and the security system will be completed. Using the $500,000 and 28 positions appropriated by the Congress in FY 1983 and the additional reprogramming authority, essential mechanical maintenance and security personnel already have been brought on-board.

Equipment and Move

Since FY 1980, the Institution, in association with the General Services Administration, has been overseeing the design of specifications for the collection storage systems to be located in the Museum Support Center. To date, a sum of $8.0 million has been appropriated for this equipment and a further $2.8 million has been appropriated for laboratory and other equipment. In FY 1984 we are requesting $2.4 million for the modular, three-tiered storage equipment and $1.5 million to complete the purchase of laboratory and other equipment. Using the appropriation provided in FY 1981, the GSA awarded in September 1982 a contract for fabrication of a storage system for "wet" collections (those stored in alcohol or formaldehyde solutions) of the Oceanographic Sorting Center and the National Museum of Natural History. The installation of this equipment is scheduled to be completed by November 1983 with the move of the "wet" collections occurring shortly thereafter. The solicitation of bids for the three-tiered modular system is set tentatively for mid-April.

According to our current schedule, the move of the collections of the National Museum of Natural History/Museum of Man and National Museum of American History to the Center should be completed in about three years. The scheduled program of equipment procurement and installation, which we have worked out in great detail, is the keynote to accomplishing an efficient occupancy of the Center.

With the $6.0 million appropriated to date, we will purchase storage equipment that will hold the Anthropology, Entomology and Invertebrate Zoology collections. The FY 1984 storage equipment request of $2.4 million will be used for the Vertebrate Zoology collection and the appropriate collections of the National Museum of American History. The anticipated FY 1985 appropriation is to be used to purchase equipment for the collections of Botany, Mineral Sciences and Paleobiology.

To help finance the equipment requirements, we are using approximately $750,000 of our nonappropriated Trust funds for specialized conservation equipment, and in future years we will redirect rental funds presently used for the Oceanographic Sorting Center, whose collections will be housed at the Center.

FY 1984 BUDGET PRIORITIES

The Smithsonian's FY 1984 budget request is a reflection of our continuing commitment to care for the National Collections and the facilities which house them. The request is a stringent one that recognizes the need for significant progress in the move of the collections to the Museum Support Center and the establishment of the core staff to be located there. In addition, we are determined to carry out successfully other projects undertaken recently with the encouragement of this Subcommittee: accelerated inventories of our collections, revitalization of exhibit spaces in the National Museum of American History, strengthening of management using the technology available through automation, upgrading of our protection program by means of a comprehensive effort to upgrade security equipment throughout the Institution, and continued restoration and improvement of our physical plant. The request also includes additional resources to support more adequately the Institution's scientific endeavors, and
to respond to the demand for more comprehensive and improved research literature on African art and to care for African art and ethnology collections. With construction scheduled to begin early this summer on the Quadrangle project, a small sum is being sought to prepare for the acquisition and exhibition of the exquisite collection of Asian art donated by Dr. Arthur M. Sackler.

The only item in our FY 1984 budget request which can be interpreted as a "new start" is one that we believe we have a special responsibility to propose. It pertains to the establishment of a program to loan to other institutions a substantial portion of the generous bequest of Joseph H. Hirshhorn for exhibition and study purposes. Through this program, the richness of the National Collections would be shared with people throughout the United States who are unable to view them in Washington, D.C., supplementing our other efforts in this regard mainly through our Traveling Exhibition Service.

I am pleased to note, Mr. Chairman, that we have been able to continue to use the Institution's nonappropriated Trust funds for programmatic purposes, despite these difficult economic times. Our most substantial continuing commitment is the annual allocation, increased in the current year from $2.0 to $2.2 million, for the Collections Acquisitions, Scholarly Studies and Educational Outreach Program, a program first approved by the Board of Regents in FY 1978. Beginning in FY 1979, the Board of Regents approved using the Institution's unrestricted Trust funds for our visiting research and fellowship program and the proportionate Trust fund share of rental costs of administrative units in L'Enfant Plaza, funded in part from rental payments by auxiliary activities occupying space on the Mall. In FY 1983 $1.6 million will be applied to these programs and for FY 1984 $1.7 million is projected, of which $1.2 million is designated for the visiting research and fellowship program and over $500,000 for rent. This represents an increase of 67 percent since FY 1979 when $1.02 million were provided to these programs. A further $1.2 million in unrestricted Trust funds is being reserved for the Quadrangle Development project in FY 1984, in addition to the approximately $6.3 million that has been set aside to date for planning and construction.

**SALARIES AND EXPENSES**

For FY 1984, the Institution's request for the Salaries and Expenses appropriation totals $156.4 million, a modest net increase of $5.2 million over the FY 1983 base. We are seeking $4.0 million for items that are generally beyond our control, including rent, legislated pay increases, inflation, and the full-year costs of the positions restored by the Congress in FY 1982. We are requesting a net $1.2 million in program increases. (Taking into account the elimination of one-time increases totalling $3.7 million appropriated in FY 1983, our gross requested program increase is $4.9 million.)

The following discussion of our proposed FY 1984 increases relates to the gross amount of $4.9 million. As discussed above the Museum Support Center's construction has been completed and occupancy plans have been established. An overall resource request of $8.5 million is proposed for the Center to support the major portion of staffing requirements, a further increment of storage, the final stage of laboratory and other equipment, and the second of three increments for the move. The FY 1984 request for the Center represents a gross $2.1 million increase over the FY 1983 appropriation. To date 36 positions and $1.8 million
have been provided for initial staffing needs. An additional 80 positions and $2.0 million will be needed in FY 1984 for program direction, to staff the Conservation Training Program and to provide buildings management, protection and other support services. These resources are absolutely essential to the effective functioning of the Center and its programs. Our "Five-Year Prospectus" indicates that a further 29 positions will be needed through FY 1988 to complete staffing requirements.

A second application of the increases sought in this year's request is to continue the effort initiated in FY 1983 to upgrade the Institution's security system. We are very appreciative of this Subcommittee's support in allowing us to begin a major security equipment acquisition and replacement program in FY 1983 with an addition of $1.7 million. We estimate that a total of $3.0 million will be required to complete this program over the next several years. Toward this end, a further increment of $480,000 is requested in FY 1984 for the purchase of perimeter security and closed-circuit television devices. The keystone of our security upgrading program, to be accomplished by FY 1990, is the conversion to a proprietary alarm system that will give faster response times to security and fire protection alarms and eliminate reliance on leased equipment.

In support of research, additional funding of $805,000 is requested for four science bureaus. This support is needed to establish scientific equipment replacement programs (at the Smithsonian Astrophysical Observatory, the National Museum of Natural History/Museum of Man and the Smithsonian Tropical Research Institute), to defray the higher cost of publishing time-sensitive research results (at the National Museum of Natural History/Museum of Man, Smithsonian Tropical Research Institute and National Air and Space Museum), and to establish a stable core of administrative staff (at the Smithsonian Astrophysical Observatory) to accomplish the ongoing support functions regardless of fluctuations in grant and contract activity.

Under the category of management improvements, following through on the establishment during FY 1982 of a central Office of Information Resource Management to provide overall planning, direction and technical support of information resources throughout the Institution, we are seeking an addition of $750,000 for four purposes. Adding to the appropriation of $275,000 provided for Smithsonian Library automation in FY 1983, a further $275,000 will permit the initiation of an integrated, automated system to include the full range of library functions including acquisitions, cataloguing, information retrieval, and administrative reports. To begin improvements in the computer-based programs for maintaining and adding to inventory records and increasing accessibility to them by curators and the interested public, $250,000 is sought. A sum of $100,000 is needed to improve automated accounting reporting. The final portion of this automation request, $125,000, is proposed to extend the computer-to-computer communications network in the Institution and to establish an automated office training laboratory.

As part of our continuing effort to improve facilities management, we are requesting an additional $390,000. Of this $140,000 would enable our Office of Design Services to expand its base capability to contract for intermittent architectural/engineering or other specialized services, thus expediting the flow of work while holding down the need for additional staff. We are also seeking $150,000 to improve our capability to operate and maintain the complex heating, ventilating and air conditioning system at the Cooper-Hewitt Museum in New York. To allow the Zoo's staff to concentrate more on routine maintenance of buildings and grounds, an additional $100,000 is requested for specialized contractual services for utilities systems and grounds maintenance.
With the recent recognition of African Art as a major art tradition, there is a demand for more comprehensive and higher quality reference and research literature. The increase of $50,000 that we are seeking for the National Museum of African Art will be used to facilitate research on African art by development of a "Union Catalogue" of all of the African holdings that are presently dispersed in the collections of several Smithsonian museums. To care for an important collection of West African textiles which are of artistic interest to the Museum of African Art and ethnographic interest to the National Museum of Natural History/Museum of Man, an increase of $35,000 is sought to fund a new curatorial position for the African art and ethnohistory collections in both museums.

For the Quadrangle, we do not anticipate the major portion of new operating expenses to occur until FY 1986. Nonetheless, a small but essential increase of $100,000 is proposed in this year's budget to prepare for the receipt of the Sackler collection. We are seeking funding to support the salary of an assistant director for the Sackler Gallery and to purchase essential equipment for collection storage. The assistant director is needed urgently to meet the needs of the initial receipt, registration and care of the approximately 1,000 art objects in the Sackler gift.

We have two items of increase in this request that depart from our dominant theme of care and maintenance of the National Collections and Smithsonian facilities. These relate to our responsibilities to extend to the people of this country who are unable to visit Washington the opportunity to view and study Smithsonian collections in their home community and also to improve the quality of information services available to visitors to the Mall. As mentioned above, taking advantage of the opportunity provided to us by the very generous Hirshhorn bequest, a sum of $200,000 is proposed to establish a loan program for the exhibition and study of a substantial portion of the Hirshhorn bequest. We also are seeking an addition of $80,000 for our Visitor Information and Associates Reception Center which will be used to provide an adequate support base for the Center.

Although we are not seeking additional resources for the special Collections Management/Inventory and the Major Exhibition Programs, the continuation of these efforts are of utmost importance to the Institution. These programs have been supported consistently by this Subcommittee, making possible our achievements over the past few years. With resources first provided in FY 1979 as supplemented by base resources, we will be able to complete our goal of collecting and recording data by June 1, 1983 on the vast collections for the National Museum of Natural History/Museum of Man, the National Museum of American History and the Cooper-Hewitt Museum which had never before been inventoried. As we explain in more detail in our budget document, a continuing effort to refine inventory data and to reconcile it with existing collection records will ensue and therefore it will be critical for the same level of support that has been provided by the Collections Management/Inventory Program to continue in FY 1984 and in succeeding years.

Similarly, we are seeking to continue the Major Exhibition Program in FY 1984 and beyond to support the comprehensive upgrading of the exhibit spaces in the National Museum of American History and selected major exhibitions elsewhere in Smithsonian museums. Since FY 1981 when the Program was initiated, we can point to considerable accomplishments which also are described fully in our request. In future years, additional resources will be essential to continue the multi-year effort to revitalize and update the National Museum of American History's exhibit spaces. In view of the substantial progress made to date and the central importance of this great National Museum in depicting our country's history, our planning documents place a high priority on this significant undertaking.
Restoration and Renovation of Buildings

Consistent with the theme of this year's budget request and in keeping with our continuing commitment to maintain the Smithsonian's physical plant in sound condition, our FY 1984 request in the Restoration and Renovation of Buildings appropriation account totals $9 million. This represents a $550,000 increase over the FY 1983 appropriation.

We thank the Subcommittee for its encouragement and support for our Restoration and Renovation efforts and for including new language in the FY 1983 appropriation that permits awarding contracts on the basis of contractor qualifications as well as price. This provision should be extremely helpful to us as we proceed with our restoration program.

During the past year, we have made considerable progress with our roof and facade repair, fire detection, safety and security, utility systems and disabled access programs. For example, the last major construction phase of renovating the facade of the Renwick Gallery has begun and is expected to be physically completed in FY 1985. Extensive exterior restoration of the Arts and Industries Building has been initiated and completion—with your continued support—is anticipated in calendar year 1986. Steady progress continues in implementing the master plans for fire detection in the Natural History and American History Buildings. Under the heading of safety, the containment or removal of asbestos has been completed in several areas of the American Art/Portrait Gallery Building, and in the carpentry shop of the Natural History Building.

The substantial efforts that we are devoting to upgrading heating, ventilating and air conditioning (HVAC) systems already are achieving improved environmental conditions. During FY 1982, a comprehensive energy conservation study was completed at the American History Building; the upgrading of the HVAC system (which will include a new system of automated temperature and humidity controls) at the American Art/Portrait Gallery Building is continuing and renovation of the Freer Gallery's HVAC system is nearing completion. For the disabled, restroom modifications were completed last year at the Natural History, American History, Air and Space and Renwick Gallery Buildings.

We are pleased to report that the new research library at the Smithsonian Tropical Research Institute has been completed and will be dedicated officially next month. Safety improvements have been completed for the single lane 20 and one-half mile access road at the Smithsonian Astrophysical Observatory's Whipple Observatory in Arizona.

For FY 1984, we plan to continue or complete major phased projects on roofs and facades, fire detection, safety and security, utility systems and access for the disabled. We also are seeking resources to undertake two projects in support of research and exhibitions.

Specifically, the major purposes for which resources are sought in FY 1984 include completion of facade restoration of the Renwick Gallery, continuation of roof and facade renovation of the Arts and Industries Building, and initiation of the phased roof replacement at the American History Building. The major projects in the fire detection category consist of continued upgrading of fire detection systems following the fire protection plans at the American History and Natural History Buildings. For the safety of staff and visitors, support is requested to continue the asbestos abatement program at the American History Building. Under the category of safety and security, funding is sought toward the multi-year program of converting to an electronic security and fire alarm system that is owned and operated by the Smithsonian. I have previously
discussed the importance of converting to this system in the Salaries and Expenses portion of this statement. The money for this project proposed in the Restoration and Renovation account will be used to fund building modifications and permanently installed equipment.

Resources included for utility systems in our FY 1984 request will be used to continue work on heating, ventilating and air conditioning systems begun in FY 1981 and FY 1982 at the American History and American Art/Portrait Gallery Buildings and to initiate some new smaller projects. This budget also contains a significant item to construct an addition to the Anacostia Neighborhood Museum's Exhibit Laboratory located on National Park Service property in Fort Stanton Park, thus allowing the termination of unsatisfactory leased space in the Carver Theater. We are proposing also to continue modifications to the space occupied by the Smithsonian Institution Libraries in the Natural History Building.

**ZOO CONSTRUCTION**

Our Zoo construction request for FY 1984 totals $3.5 million. We are pleased to report further progress in major renovation of the Rock Creek Zoo, the master plan for which was funded initially in FY 1974. The major interior renovation of the Small Mammal House has been completed, with reopening scheduled on April 1. Also completed and opening on April 1 is the Monkey Island Exhibit, the final facility in the Central Area Complex.

An amount of $2.1 million proposed in our FY 1984 request is devoted to meeting the most important requirements at the Conservation and Research Center, located on a 3,150-acre site near Front Royal, Virginia. The requested funds will be used to construct an urgently needed veterinary hospital, for which a sum of $1.4 million is requested, and $700,000 to complete the third and final wing of the Small Animal Facility. A further amount of $1.4 million is requested to continue the renovation, repairs and improvement programs at Rock Creek ($1 million) and at Front Royal ($400,000).

**Special Foreign Currency Program**

The total request for the Special Foreign Currency Program is $9.04 million in excess foreign currencies. Funds of $4.0 million for this program will be used to continue a program of grants for research and advanced training in fields of traditional Smithsonian competence. A third installment of $4.0 million equivalent in Indian rupees will be used to continue to build a foreign currency reserve fund to support future programs of the American Institute of Indian Studies. The final portion of this request is to provide the second of four contributions of the United States contribution to the project currently underway to salvage the city of Moenjodaro. The Smithsonian is seeking $1.04 million equivalent in Pakistani rupees for this purpose.

Mr. Chairman, I and my staff would be pleased to respond to your questions and those of the Subcommittee.
Biography of John E. Reinhartd

Dr. John E. Reinhartd was appointed Acting Assistant Secretary for History and Art on February 1, 1983.

Born in Glade Spring, Virginia, Dr. Reinhartd holds a bachelor’s degree from Knoxville College and a master’s degree and a doctorate in English from the University of Wisconsin. He has held a variety of positions with the State Department and the U.S. Information Agency and served as ambassador to Nigeria (1971-75); assistant secretary of state for public affairs (1975-77); director of the U.S. Information Agency in 1977; and as ambassador of its successor agency, International Communications Agency, until January of 1981.

In May 1981, he assumed the post of acting director of the National Museum of African Art and served in that position until his appointment as Acting Assistant Secretary for History and Art.

Biography of Edward F. Rivinus

Mr. Edward F. Rivinus joined the Smithsonian staff in June 1971 after retirement from the Foreign Service of the United States. He became a Foreign Service Officer in 1946 after 5 years of a military service as an artillery officer and served over a period of 25 years at posts in Turkey, Austria, Costa Rica, and Germany.

Mr. Rivinus was born in Philadelphia, obtained his BA from Princeton University, and a subsequent MA in International Affairs from George Washington University. He lived in McLean, Virginia, after retirement from the Foreign Service, and was active in community affairs, with particular attention to environmental questions. During this period he also served as President (3 years) and Chairman of the Board (3 years) of the Audubon Naturalist Society of the Central Atlantic States, with headquarters in Chevy Chase. He presently lives in Upper Marlboro, Maryland.

As a member of the staff of the Smithsonian, Mr. Rivinus was for a time assistant to the Assistant Secretary for Science. He was then appointed deputy to the Assistant Secretary for Public Service, and after 2 years in that role he became in 1974 director of the Smithsonian Institution Press. In 1979 he relinquished the directorship of the Press for the less demanding position of Director Emeritus. Upon the resignation of the Assistant Secretary for Public Service, Mr. Rivinus agreed to take on the directorship of the Office of Public Service on a temporary basis until a regular director could be selected.

Biography of Richard S. Fiske

Dr. Richard S. Fiske is the director of the National Museum of Natural History/Museum of Man, Smithsonian Institution. Before his appointment as director on January 11, 1980, he served for 3 1/2 years as a geologist in the Museum’s Department of Mineral Sciences. Prior to coming to the Smithsonian, he was the Chief of the Office of Geochemistry and Geophysics at the United States Geological Survey.

Dr. Fiske received his B.S.E. from Princeton University in 1954, and his M.S.E. (1955) and Ph.D. from Johns Hopkins University in 1960. He is a volcanologist and his research in recent years has taken him to the eastern Caribbean island of Guadeloupe and St. Vincent to make on-the-scene investigations of major volcanic crises and to the High Sierras of eastern California for studies of ancient volcanic rocks.

Dr. Fiske’s past honors have included an American Chemical Society Fellowship at the University of Tokyo, a National Science Fellowship, and invited lectures at Oxford and at the Royal Society of London. In 1976 he received the Department of Interior’s Meritorious Service Award for his creative volcanological research and outstanding leadership of scientific programs of the Geological Society. He has served as Chairman of the Museum’s Exhibit Committee, and is a frequent lecturer for the Smithsonian National Associates Program. Dr. Fiske was appointed a Fellow for the American Association for the Advancement of Science in January 1981.

Biography of Irwin I. Shapiro

Dr. Irwin I. Shapiro, a professor of physics and geophysics at the Massachusetts Institute of Technology, has been appointed the new director of the Harvard-Smithsonian Center for Astrophysics effective January 1, 1983. With his appointment, Dr. Shapiro also became Paine Professor of Practical Astronomy at Harvard and a Smithsonian Senior Scientist and, in January, director of both the Harvard College
Observatory and the Smithsonian Astrophysical Observatory. The two observatories share staff and facilities and engage in joint research programs.

As the Schlumberger Professor of Physics and Geophysics at MIT, Dr. Shapiro has held dual appointments in the Department of Physics and the Department of Earth and Planetary Sciences. His current research includes the application of radio and radar techniques to problems of astrometry, astrophysics, geophysics and planetary physics and to tests of theories of gravitation.

Dr. Shapiro was born in New York City, N.Y., and obtained his A.B. (1950) from Cornell University. He received both an A.M. in Physics (1951) and Ph.D. in Physics (1955) from Harvard University. Almost all of his academic career has been with MIT, as a research staff member of Lincoln Laboratory from 1954 to 1970 and as a professor of geophysics and physics since 1967. In 1974, he was the Sherman Fairchild Distinguished Scholar at the California Institute of Technology and, in 1975, the Morris Loeb Lecturer on Physics at Harvard.

A member of many professional advisory boards, Dr. Shapiro has served on, among others, the Space Science and Technology Panel of the President’s Advisory Committee (1966-69), the National Academy of Sciences Space Science Board (1977-80), the Astronomy Section (Chair) of the American Association for the Advancement of Science (1980) and the Visiting Committee of the National Radio Astronomy Observatory (1980-present). He was the principal investigator for the Celestial Mechanics Experiment of the Mariner 9 spacecraft and a member on the Radio Science teams for the Mariner, Viking and Pioneer spacecraft missions.

As director of the Center for Astrophysics, Dr. Shapiro will guide the research efforts of more than 140 scientists engaged in a broad program encompassing most current fields of modern astronomy, including atomic and molecular processes, high-energy astrophysics, optical and infrared astronomy, planetary sciences, radio and geoastronomy, solar and stellar physics and theoretical astrophysics.

Biography of Walter J. Boyne

Mr. Walter J. Boyne is director of the National Air and Space Museum. Mr. Boyne had been acting director of NASM from June 14, 1982 until he was appointed director in February, 1983.

Mr. Boyne joined NASM in 1974, and from 1975 to 1978 he was curator of aeronautics, and chief of preservation and restoration at the Museum’s Paul E. Garber Facility. Subsequently, he served as the Museum’s executive officer and assistant director.

Born in East St. Louis, Illinois, in 1929, Mr. Boyne graduated from the University of California at Berkeley with a Bachelor of Science degree and received a master’s degree in business administration from the University of Pittsburgh. Enlisting in the U.S. Air Force in 1951, he retired as a colonel in 1974.

Mr. Boyne has published five books on aviation, and a number of articles on aviation-related subjects, which have appeared in such journals as Flying, Science Digest, and Air Force Magazine.

In 1980, Mr. Boyne was the recipient of the Smithsonian’s Robert A. Brooks Award for Excellence in Administration.

Biography of Charles Eldredge

Dr. Charles Eldredge was appointed director of the National Museum of American Art on July 1, 1982.

Born in Boston, Massachusetts, Dr. Eldredge holds a bachelor’s degree from Amherst College and a doctorate from the University of Minnesota. Dr. Eldredge began his professional career as a curatorial assistant with the Minnesota Historical Society in St. Paul and went on to staff positions with other cultural institutions in Minneapolis, including the Walker Art Center, the Minneapolis Institute of Arts and the University of Minnesota.

He joined the University of Kansas in 1970 as assistant professor in the department of art history and curator of collections in the Spencer Museum of Art and later became director of the museum in 1971 and a full professor in art history in 1980, after serving as an assistant and associate professor. Dr. Eldredge is an historian of American art, with special concentration on late 19th and early 20th century American painting and in 1979 held a post-doctoral fellowship at the National Museum of American Art as a visiting museum scholar.
Dr. Alan Fern was appointed director of the National Portrait Gallery on June 1, 1982.

Born in Detroit, Michigan, Dr. Fern received his B.A. in 1950, his M.A. in 1954 and his Ph.D. in 1960, all from the University of Chicago. He was on the faculty at the University of Chicago from 1952-61, rising to become Assistant Professor of Humanities, The College, University of Chicago and joined the Library of Congress in 1961 as Assistant Curator in the Prints and Photographs Division. From 1973-76, he was Chief, Prints and Photographs Division, from 1976-78, Director of the Research Department, and from 1978-82, the Library's Director for Special Collections.

Dr. Fern was a Fulbright Scholar at the Courtauld Institute of Art, University of London, in 1954-55. He has taught at the Institute of Design in Chicago, the Art Institute of Chicago, the Pratt Institute in Brooklyn and the art department of the University of Maryland in College Park.

Biography of Sylvia H. Williams

Sylvia H. Williams was appointed director of the National Museum of African Art of February 1, 1983. Mrs. Williams was born in Lincoln University, Pennsylvania in 1936 and received her bachelor's degree in art history from Oberlin College, Oberlin, Ohio, and a master's degree from the Institute of Fine Arts, New York University, in 1975. She joined the curatorial staff of the Brooklyn Museum's Department of African, Oceanic and New World Cultures in 1971 as a Mellon Research Fellow. She subsequently became Associate Curator and in 1978 was appointed Curator of that Department. During her tenure at Brooklyn, Mrs. Williams reinstalled the permanent African collection, a project made possible by a grant from the NEA, as well as the permanent Oceanic collection and was responsible for bringing to Brooklyn several African and Oceanic exhibitions.

She has lectured at the New School for Social Research in New York City and was an Adjunct Assistant Professor at the Graduate School of Arts and Sciences, New York University.

Mrs. Williams has traveled in Africa and Europe and in 1974 was a recipient of a grant sponsored by the National Museum Act to study African art collections in France, Belgium and England. She served as a Panel Member of the Museum Aid Program of the New York State Council.

Opening Statement

Mr. Yates. Your statement may be a part of the record. Would you like to put a few highlights into the record just to grace the proceedings and to get us launched, Mr. Ripley?

Mr. Ripley. Thank you very much, Mr. Chairman.

I did want to make particular mention of the fact that in addition to the persons that you have enumerated we do have a number of new directors of the bureaus present today. You mentioned Dr. Shapiro, who is the new Director for the Center of Astrophysics at Harvard and Smithsonian. We have also Mr. Eldredge, who is the new Director of the National Museum of American Art, and Mr. Fern, who has come to us from the Library of Congress, and is the new Director of the National Portrait Gallery. Mrs. Sylvia Williams, whom you have mentioned, has come to us from the Brooklyn Museum as the new Director of the National Museum of African Art, and is only one of our principal women members of the administrative staff. Mrs. Ellsworth, who is here today, is the head of the Office of Fellowships and Grants. Ms. Peggy Loar is Director of the Smithsonian Institution Traveling Exhibition Service, and may speak later on about the accomplishments of that service. And Mrs. Solinger, who is Director of our Resident Associates Program, as well as Mary Grace Potter, Director of our Visitor Information and Associates' Reception Center.
Opening my remarks, Mr. Chairman, I would first like to say how delighted I am to be here again today in the presence of this distinguished subcommittee. I might on a personal note say this is the 20th appearance I have made before this subcommittee, although I haven’t served yet for 20 years at the Institution. My first submission was in 1964. I want to say that in every case I can recall we have had a very warm and interesting dialogue on the subject of the Institution. We are most appreciative to you and to the members of the subcommittee for your support of the programs, activities, and upgrading needs of this Institution. With the funds provided by the 1983 Federal appropriation we have been able to maintain an essential level of program and support operations this year, and to proceed with the inventories of our collection, something that this committee has taken great interest in; the upgrading of security throughout the Institution, which is better but, as you know, is always a constant preoccupation of ours; the revitalization of exhibit spaces in the National Museum of American History; and the restoration and renovation of our physical plant.

MUSEUM SUPPORT CENTER

I think that the most important objective at the present time has been something that you have supported in this committee very ably; namely, the Museum Support Center. We have made considerable progress in all the phases of development of the Support Center out in Suitland, Maryland. The construction of the Center has been substantially completed in January of this very year. Following adjustments and testings of the plant equipment, which we are now beginning intensively under the direction of Mr. Perrot and Mr. Peyton, the Smithsonian will approve acceptance of the facility, now anticipated in early April. I hope very much, Mr. Chairman, that you may be present at the ribbon-cutting. This is a culmination of at least 12 years of intensive planning, and bids fair to be the most effective conservation, research, and storage center of its kind in the world.

Mr. Yates. Is this the one at Suitland?
Mr. Ripley. This is the Suitland Support Center.
Mr. Yates. This is the Perrot Center?
Mr. Ripley. I like to think of it as the Perrot-Peyton Center, but Mr. Perrot has guided every aspect of the conservation facilities and the research and storage facilities since the inception of the project.

During the initial period of occupancy adjustments to the plant will continue and the process of relocating staff, moving the collections and installing laboratory equipment will be initiated and the security system will be completed. Using the $500,000 and 28 positions appropriated by the Congress in 1983 fiscal year, and additional reprogramming authority, essential mechanical maintenance and security personnel already have been brought into the Institution for these purposes.

Since fiscal year 1980, the Smithsonian in association with GSA has been overseeing the design and specifications for the collection storage systems to be located in the Support Center. Today, the
sum of $8 million has been appropriated for this equipment, and a further $2.8 million has been appropriated for laboratory and other equipment. In fiscal year 1984 we are requesting $2.4 million for the modular, three-tiered storage equipment, and $1.5 million to complete the purchase of laboratory and other equipment.

Using the appropriation provided in fiscal year 1981, GSA awarded in fiscal year 1982 a contract for fabrication of a storage system for what are called "wet" collections. These are in vials or jars of alcohol or formaldehyde. Installation of this equipment is scheduled to be completed by November 1983 with the move of the "wet" collections occurring shortly thereafter, and solicitation of bids for the three-tiered modular system is set tentatively for mid-April.

**MOVE SCHEDULE**

According to the current schedule, the move of the collections from the National Museum of Natural History/Museum of Man and the National Museum of American History to the Center should be completed in about three years. The scheduled program for equipment procurement and installation, to be worked out in great detail, is the keystone to accomplishing efficient occupancy of the Center.

**QUADRANGLE PROJECT**

Mr. Chairman, the second major highlight of our work in this past year has emanated from the support by your committee, and in the Congress in general, for our Quadrangle project, as we call it, in fiscal year 1983. Without the foresight and assistance of the subcommittee, this great undertaking—so important to achieving our goals of increasing intercultural understanding and presenting the national collections—would not be a reality. Because of its significance, I would like to report briefly about the exciting progress that has been made during the past year on the Quadrangle, which we now call the Center for Asian, Middle Eastern and African Cultures.

The February issue of the magazine, which I see Mr. Murtha has opened at the right page, shows a diagram that has been worked on so intensively.

Mr. Yates. That is quite a growth from the little Castle, isn't it?

**UNDERGROUND CONSTRUCTION**

Mr. Ripley. It certainly is. Underground, so that it doesn't really impinge on the landscape. And that I think is one of the beauties of the plan. It will have about 350,000 square feet of serviceable space underground.

Mr. Yates. Part of it may be under water?

Mr. Ripley. No, because the Castle is built on a gravel bank, part of the old Pleistocene formation of the Potomac River. When it was a much bigger stream, it left behind a shoal of gravel, which is one of the reasons why in the 1840's the site for the original Castle was picked. There is approximately 60 feet of good gravel under the Castle, unlike Constitution Avenue, which as you recall, used to be a creek.
Mr. Yates. Tiber Creek.
Mr. Ripley. Tiber Creek, yes.
It is a sound proposition.
Mr. Yates. What do you mean by “a sound proposition”?
Mr. Ripley. It is a sound proposition because gravel is a very
good sound substance to build on, and we do not feel there is any
danger of getting into a water level until you get about 46 feet
down, in contrast to the other side of the Mall.
Mr. Murtha. How deep is this?
Mr. Ripley. A little over 50 feet.
Mr. Yates. I checked it because I was told when they built the
Rayburn Building they encountered Tiber Creek.
Mr. Ripley. Right.
Mr. Yates. It added to the costs substantially. I asked the Capitol
Architect where Tiber Creek flowed. He was kind enough to send
up a chart showing the location of Tiber Creek. He said that in
times of high water he thought there might be a possibility that
your third level underground might be under water in the sense of
water along the sides, which alarmed me somewhat.
I said, “Well, like the ancient castles in France which have their
moats and underwater caverns into which they toss recalcitrant
prisoners in the horror movies. Will there be any danger of this
seeping into the Smithsonian?” And he didn’t think so. He said
Rayburn has not had a leak in all the years it has been built. They
were able to seal it off, and he didn’t think there would be any
danger here. So that assured me.
I said, “What about the cost? Is the cost going to be much more
significant as a result of this? He didn’t think so. He said that abo-
veground you need much more finished appointments than you do
below the ground. And there is a balancing factor there, he said.
At any rate we will get into that later.
Mr. Ripley. I am glad Mr. White was supportive. We feel that
this is basically a very good place to build underground. Otherwise
I don’t think we would have attempted it because obviously the
costs would have mounted appreciably if it really had been very
damp. My own hunch is that the water level has receded a little
bit, so that we may end up being even drier than we are presently
planning for.
But Mr. Peyton has looked into this exhaustively, along with
other people, and outside engineers have drilled down to make sure
we are talking about the right thing. As far as leaks are concerned
I am delighted to know that the Rayburn Building has never had a
leak.
Mr. Murtha. Water leak.
Mr. Ripley. Thank you, Mr. Murtha.
This Quadrangle I think is going to be a very important addition.
And everywhere I go, everyone seems to believe that it is going to
fill a long-time gap in the Smithsonian’s ability to relate to cultur-
al activities of some 92 nations, most of them newly created since
World War II, who have very little in the way of exposure or inter-
play with ourselves. I find that some of the government depart-
ments feel strongly and agree with us. This is an opportunity for the
Smithsonian to spread knowledge of the cultures and traditions
and histories of these parts of the world in a way which can’t help
but increase over the long run the friendship as well as an understanding and familiarity with these new countries. So we are excited about it, as you already know, Mr. Chairman.

FUND-RAISING

As far as the fund-raising is concerned, I am happy to report to you that we have made considerable progress stimulated by the fact that in the last Autumn of 1982, the Congress passed and the President signed an appropriation, of half of the sum necessary to construct the Quadrangle. This encouraged us to move forward positively and aggressively in assembling funds. I can say that as far as our share is concerned on the private side, we have received approximately $30 million in cash and pledges to date.

Mr. Yates. How much of that is in cash?

Mr. Hohenlohe. Funds in hand are $13.8 million. In addition, there is another $3.3 million so we have committed from our own unrestricted funds in the next several years, and a further $2 million we expect to receive from the sale of the Capitol Hill properties of the Museum. So of the total of $30 million, some $19.1 million is in hand or committed from our own resources, and $11 million is in pledges or commitments from outside sources.

Mr. Ripley. We are running well. I can never forget, Mr. Chairman, your remark about the pledges. You remember your story about somebody stole $2 million worth of pledges?

Mr. Yates. Oh, yes. Some vandals broke into the prime minister's office in Israel. They broke into the safe and they stole $2 million in pledges.

Mr. Ripley. The magazine article, which represents the first time that the Smithsonian has ever attempted to solicit any funds from our Associates, to date has resulted in gifts to the Smithsonian of one million one hundred and some thousand dollars for the Quadrangle. That was in the February issue, so that is the total of only about three weeks' activity. We think that is terribly rewarding and heart warming. It means that the Associates identify with this project, and they really feel a sense of belonging to the Institution.

So we are very encouraged by that. That amount of money includes Dr. Sackler's gift of $4 million, in addition to the approximately 1,000 art objects that he has donated. We have a further sum of $4 million within the final stages of negotiation. A measure of support for the project is this magazine article and what it has produced. The people who have responded so far number some 27,000 and have donated on the average of about $40 each. So this is not an inconsiderable kind of pledge.

These come from all sorts and kinds of people. I was fascinated. In the article we suggested a price they might give, a donation sum of $35. We had a wonderful letter from one man who said I am sending you a check for $34.99 because nobody is going to tell me to give $35. I thought that was very nice.

Mr. Yates. Why didn't he make it $36?

Mr. Ripley. We are very proud in any case of this response, and think it is extremely worthwhile. As you know, the Center will include the Sackler Gallery, Oriental and Middle Eastern collections
of all sorts, and African collections from the National Museum of African Art, which will be housed in the Center. We will also have facilities on one floor for the Resident and National Associate programs, Smithsonian Institution's Traveling Exhibition Service, and the International Center.

We anticipate that the annual operating cost for all of these activities will total about $30 million by fiscal year 1988, of which approximately two-thirds will be derived from nonappropriated trust funds. This figure is consistent with that included in our latest five-year prospectus and will be updated during the next three years, of course, as we approach occupancy. In 1982 we took two further steps in the program development of the Quadrangle, establishing a new Center for Asian Art and two standing committees for the art and cultures of Asia and Africa.

**HIRSHHORN LOAN PROGRAM**

The only item in our 1984 fiscal year budget request which can be interpreted as a new start is one for which we believe we have a special responsibility. It pertains to the establishment of a program of loans to other institutions, involving a substantial portion of the generous request of the late Joseph H. Hirshhorn for exhibition and study purposes. Through this program the national collections, especially these Hirshhorn collections, could be shared by people throughout the United States who are unable to view them in Washington, supplementing other efforts in this regard mainly through our traveling exhibition service.

Mr. Lerner, Director of the Hirshhorn, is here in case you would like to question him about this. But we are proposing we could establish a regular lending service or loan-out service possibly of the kind started by the Kress collections and Foundation many years ago under the administration of the National Gallery.

Mr. Yates. Does this supplement your SITES program?

Mr. Ripley. It would be in addition to the SITES program, because they would be on slightly different terms of lending. The SITES program essentially was a traveling exhibition service. But the lending service would be an extension of that.

Mr. Yates. Only Washington?

Mr. Ripley. No, it would be national.

Mr. Yates. Would you charge fees for that?

Mr. Ripley. I think possibly only for transportation and insurance, depending upon the ability of the recipient to pay. I don't think anything else. Once they arrive there they would be either on semi-permanent loan or indefinite loan, or something of this sort. We are proposing this year in our special foreign currency program to continue the grants program to add to the forward funded reserve in support of future programs of the American Institute of Indian Studies and to contribute to the international effort to restore the ancient city of Moenjodaro in Pakistan.

I may say in closing I am very happy to note we have been able to continue to use the Institution's nonappropriated trust funds for programmatic purposes despite the difficult economic times we are all in.
So, Mr. Chairman, I and my staff would be very happy to answer any questions you may have.

SEARCH FOR A NEW REGENT

Mr. Yates. All right. Thank you for a very fine statement. My first question is on page ii of the document as described, "Proceedings of the Meeting of the Board of Regents, January 24, 1983." There is a search for a new regent. The Chancellor announced he had asked for the Regents Executive Committee to serve as a search committee for a Regent from the District of Columbia filling the seat occupied by Nancy Hanks. Suggestions will be solicited from the Regents, the staff and chairmen of the congressional authorizing committee.

Whatever happened to the Appropriations Committee?

Mr. Ripley. I don't know. Does authorizing not include appropriating?

Mr. Yates. Well, to the best of my knowledge, an authorizing committee is not an appropriations committee.

Mr. Ripley. Perhaps that is a technical oversight.

Mr. Yates. It is probably a clerical error.

Mr. Ripley. I think so. The point is, of course, that we always encourage committees and interested persons to make suggestions.

THE GOLDEN AGE

Mr. Yates. Okay. This committee is very proud of its association with the Smithsonian and the progress the Smithsonian has made over the years. I wonder whether we haven't been in the "golden age" of the Smithsonian. And the question comes up, is the "golden age" coming to an end? Time places its heavy hand upon all of us. Not only Congressmen and Senators, but administrators as well. The time may come when even you, Mr. Ripley, may want to look to other fields. You look in very fine shape.

Mr. Ripley. How nice of you.

Mr. Yates. Very fine condition. But you may be approaching the age when retirement enters the mind of some, perhaps not you, but others, thinking that maybe there ought to be a new secretary who has the young blood you had when you came as the Secretary of the Institution. So we don't know how far away that is. It may be in the near future. It may be a way from us.

I notice in the New York Times of this morning an article which is entitled, "Over At The Smithsonian It's The Time For Changes." Then we find that our good friend Charles Blitzer has gone to other fields. He was an Assistant Secretary. Julian Euell who was an Assistant Secretary, has gone to other fields. George Field has gone to other fields. Even Ted Reed, who was practically considered a permanent institution, is leaving.

We look around to the other assistant secretaries. They seem to look fine, too, but we don't know what their innermost thoughts are these days. Perhaps we ought to ask them. I don't know. Perhaps you have asked them. Is this a time of transition? What happened?

And Sam Hughes. I'm sorry, Sam. I should have mentioned you.

Mr. Hughes. I am a Johnny-come-lately.
Mr. Yates. He has already retired from two other very important government jobs, you know. His very capable hands may soon be leaving the Smithsonian. What are your thoughts?

Mr. Hughes. I wonder if you are trying to tell us something, Mr. Chairman.

Mr. Yates. I am not trying to tell you anything. I want you to tell us. What is going on at the Smithsonian? The “golden age,” the Periclean period, how long will it go on? Have you thought of this at all.

Mr. Ripley. Of course, everybody thinks about various kinds of punctuation marks in time. I remember when I first came in 1964 I had a dialogue with my distinguished predecessor, Dr. Carmichael. He had just had his portrait painted at the Institution because in old-fashion, traditional style the administrative head of the Institution has had his portrait painted. I said to him something about, well, when does one get his portrait painted? He said, well, I think you ought to think about it fairly soon. So quoting a poem, I said, you mean before “the sedge is wither’d from the lake, and no birds sing?”

Mr. Yates. What was that from?

Mr. Ripley. John Keats’ “La Belle Dame Sans Merci.”

You realize that the golden years are upon you, the other golden years, and it is high time to high-tail it out of whatever chair you are sitting in. I don’t know when this time will come. Obviously age is something you cannot avoid.

Mr. Yates. What about your staff? You have some new additions. I see some acting assistant secretaries. Do you have confidence that those who have gone to other and probably less brighter fields than the Smithsonian are being adequately substituted for?

Mr. Ripley. I think that the Institution is doing very well. I don’t see any hesitation in applications for positions. As I have pointed out already, we have a number of new directors this year. We are very, very pleased with them. We will obviously pursue the search actively for additional posts among those acting in this job.

Mr. Murtha. Mr. Chairman?

Mr. Yates. Mr. Murtha.

RENEWAL AND REPLACEMENT PROCESS

Mr. Murtha. I only saw the headline. I guess it was a New York Times article. But I visit the Smithsonian quite often, and the change is continual. I am so impressed. I was in Cairo this past year and saw a museum there. When you compare the wealth of material they have, the display and the way they do it with the limited resources they have, there is just no comparison with the Smithsonian. I think one reason is because you do change so often.

I am impressed any time I go to any one of your buildings that there is a continual improvement or change—some people may not consider it improvement, but change in your displays. I am so impressed by your ability to continually keep things moving. I have to say I am impressed. I hope we can continue this. Of course, with money the way it is, if you continue to change, you are liable to put us out of business up here, because you spend so much money. Other than that, I have to say you have done a magnificent job.
Mr. Ripley. I am happy to say, Mr. Murtha, that every year, and hopefully this will continue every year, the proportions between the increments of our budget change. I think for the better. That is, a larger proportion of our budget comes from nonappropriated sources. I am hopeful today when we will be approximately matching 50-50, just the way we are with the construction funds for this Quadrangle, 50-50. The Smithsonian really began on the principle that it would be run out of its endowment. Then in the 1850's my predecessor at the time had to solicit the support of Congress to allow the lights to be kept on, the cleaning, the administration for the people to come in to be assisted. And starting with an appropriation of less than $5,000, I think, about 1857, it has crept up to a proportion now where it represents about 53 percent on the Federal side of our total operating budget.

But we do not rest content with that. We would like to reinstate the principle of equal sharing in this enormous enterprise we operate.

Mr. Murtha. The thing I recognize here is the fact that you can walk through a museum in this country, the Smithsonian in particular, and you don't need a guide. We had a guide to take us through in Cairo, otherwise we would have had no understanding of the exhibits. They had absolutely no written explanation of the displays. You do it so much better: If the government has to spend money, I think it is spent wisely because it is such an educational resource.

Mr. Ripley. It is a treasure for public education, there is no doubt about that. That is really the central qualification that makes us bold enough to ask for your support each year. It is for public education. And it is free. In many countries visitors have to pay.

Mr. Murtha. That is right. The National Museum in Cairo, they charge. It was dusty and the displays were not well done compared to what they are here. I am sure they had limited resources but there is no comparison.

Mr. Ripley. Well, it is sad that there are, for example, more stone sacophagi out in the open of the halls of the museum than you ever want to know about. There ought to be some culling procedure by which you could reduce that to just a sample.

Mr. Hughes. I could comment on your question, as a relative Johnny-come-lately to the Institution. I have been there about three years at this point. I think the secret of change, of continuing the "golden age" lies in the sort of renewal process Mr. Murtha has described. That is, there is a continuing effort to improve the Institution, and I think there is much to be done, quite frankly, in better designating the exhibits so that they are more a self-touring process. So that guides are even less necessary. In a variety of ways, not only in the exhibits but in the staff of the museum, it seems to me that there is a process of renewal and replacement that goes on that keeps the Institution in a state of constant change and renewal. I think that process brings to the fore people who replace those who moved along, and does that in a gradual way, which is not disruptive to the ongoing work of the Institution.
QUADRANGLE DESIGN

Mr. Yates. Let's talk about the "jewel" in the crown, the Quad. What was the rationale used in building the Quad, the major portion of the Quad, below the ground rather than above the ground?

Mr. Ripley. I think it is quite simple, Mr. Chairman. We wanted to honor the existing buildings, two of which have now been designated for their own purposes and reasons as historic landmarks. We had a very beneficial opportunity to improve the Square, the Quad, which lies between Independence Avenue, the Gallery of Art, the Castle and the Circus Tent, as I sometimes call it, which is the Arts and Industries Building. For a number of years, since about the time we were planning the construction of the Hirshhorn Building in the late sixties, we have been trying to figure out how we could add to the resources, storage and other operating facilities for the Freer Galley, which is beautifully self-contained but bulging at the seams. The first suggestion we made—and we got the then architect of the Hirshhorn Museum, Mr. Bunshaft, to draw a design for us—was to go underground because we already knew that the underground in this particular part of Washington was very good. It was on gravel and it was sound. So we actually made an underground plan for extension of the Freer Gallery feeling that would be the most harmonious esthetically and least damaging to the site.

That was the beginning of what we were thinking about. As I say, it was about 1969. Then came the gift from Congress, the acquisition of the Museum of African Art. It seemed then, thinking of the Freer collections, which go right into the Middle East and Egypt, and the African collections, that maybe there was some symbolic purpose and role for this. If we had thought of going underground, maybe we could extend that and decide we could build under this newly reconstructed area of the South Yard where, as you recall, we removed the temporary building for the Air and Space. Thank God, Mr. Chairman, that Quonset hut hadn't had a historic plaque put on it in the meantime, otherwise we never could have gotten into this program. But when we moved it away, and when we moved away the old greenhouses, the cluttered old frame buildings which had been used as parts of the radiation biology laboratory and other activities going back to the day of Mr. Langley and his experiments in aviation, we found that we had a marvelous place to lay a garden, and this idea led to the second one.

ADVANTAGES OF UNDERGROUND CONSTRUCTION

If we go underground in this good area with perfect foundation possibilities, why not do the whole place? There are obvious advantages to it, as the Architect of the Capitol at least implied. One of the things is that by going underground in such a space where the gravel is good for foundation work, you maintain a constant temperature. As you know, we are always looking for constant temperatures in connection with museum collections, and the Museum Support Center, is an example.

Fifty degrees is something like the average temperature below ground in this area, which means implicitly, considerable saving
year-round in either heating or cooling. You have something that is not intolerable in the beginning. If you have ever done any cave exploration, you know even in cold areas, if you get into a cave it will be in the high 40’s. So it is quite comfortable. There is something about that that is quite advantageous. That is not done generally in this country and has merit from an architectural point of view.

In an engineering sense, also, I think. When I have talked about this abroad, I have elicited really fascinated remarks and interest in this idea. In countries in the Middle East and in North Africa where a great deal of architectural expansion is occurring, they have been fascinated to hear how we are going to do this, because it has never occurred to them to try to do it. Extravaganzas above the ground are rather different from simply going below. We think that these two pavilions, which are small—as one of the architects described them, pieces of garden furniture—will actually lend a great deal of enhancement to the whole setting. They will be on either side near Independence Avenue. They will give us a tiny screen away from looking at the large building that we have to look at across Independence Avenue. I think you have heard of that.

Mr. Yates. In your office, I heard of it.

Mr. Ripley. It is a constant eyesore. At any rate, the noise factor will be reduced. It will be a sort of buffer. I think it will lend grace and elegance to the setting in addition to not being, as one might describe, a blockbuster of a construction project.

COST OF UNDERGROUND CONSTRUCTION VERSES ABOVEGROUND CONSTRUCTION

Mr. Yates. Is there a difference in cost between underground and above the ground construction?

Mr. Ripley. I would have to ask Mr. Peyton to answer that.

Mr. Peyton. Mr. Chairman, You commented earlier about George White and his comments to you, I would certainly agree. Namely, there are some premium costs because of the preparation and preventive aspects of going underground. But on the other hand a great deal of money is saved through the expensive stone cladding that one would avoid in a building such as this.

Mr. Yates. Does that mean that the costs are roughly comparable?

Mr. Peyton. For a monumental building, yes, sir, I would say so.

Mr. Yates. This will be a monumental building?

Mr. Peyton. Yes, sir.

ACCOUNTING OF PRIVATE FUNDS

Mr. Yates. Now, are the funds Mr. Hohenlohe described earlier being kept separate from your other funds? Is it in the nature of a trust fund, Mr. Hohenlohe, that you have established?

Mr. Hohenlohe. Yes, sir, we keep it in a separate account.

Mr. Yates. Separate account?

Mr. Hohenlohe. Yes, sir.

Mr. Yates. So at all times you know what the Smithsonian contribution to the cost of the facility will be?

Mr. Hohenlohe. Yes, sir.
Mr. Yates. And available?
Mr. Hohenlohe. Yes, sir.

CONTROVERSY SURROUNDING PRIVATE CONTRIBUTIONS

Mr. Yates. At the time of the original Smithsonian gift, 1836, according to a passage that I found in the book on the National Gallery of Art by John Walker, there was a speech made by Senator Preston Brooks of South Carolina, who opposed the gift, as you recall, on the grounds that the funds for such an enterprise, if indeed there should be one, should be furnished by the United States Government rather than a private individual who would have it named after him. And he said, if we accept the gift and go through with naming it after the benefactor, I think I may quote him almost accurately, he said, "any scalawag, vagabond would be likely to redeem his name by putting up the funds and going forward with the gift." In the Congress's wisdom, and I think the Congress was right, it overruled Senator Brooks and accepted the gift, although it took 10 years from that time to finally bring it to a conclusion.

There has been criticism of the Smithsonian for accepting gifts of this kind, predicated upon the naming of the institutions housing the gifts after benefactors. You will recall that at the time that the Hirshhorn gift was under consideration, there was some criticism attached to it. Now there has arisen from various sources the same kind of criticism. Should there be a gift accepted on condition that a building is named for the donor. The Smithsonian has done it in the case of Mr. Freer, certainly. It has done it in the case of Mr. Hirshhorn. Another Smithsonian edifice, originally was called the Mellon Gallery although the correct name has always been the National Gallery of Art.

Mr. Ripley. Yes.

ARTHUR M. SACKLER GALLERY

Mr. Yates. Now there is under consideration the naming of the Asian portion of the Quad above the ground, or I guess the Asian portion of the Quad as the Sackler Gallery, to be named after Dr. Sackler. I don't remember his first name.

Mr. Ripley. Arthur.

Mr. Yates. Dr. Arthur Sackler. What will be the cost to the Government and Smithsonian of the Sackler Gallery?

Mr. Ripley. I think that is a little hard to estimate. But I would give it a try with the help of John Jameson and Chris Hohenlohe. The gallery to be constructed as I recall can be interpreted as either the ground level; that is, the thing that you see above the ground, or all the way down two levels—

Mr. Yates. What portion do you consider to be the Sackler Gallery which will house the Sackler gift?

Mr. Ripley. These are essentially the exhibition portions which are partially on the ground floor, a certain amount. One hall at least. Then gallery space is underneath that.

Tom Peyton, are there two levels?

Mr. Peyton. The museum would take up two levels below ground on the west half of the building.
Mr. Yates. That portion of the cost? At least in the case of the Hirshhorn gift, we were able to identify the cost to the Nation as being in the neighborhood of $16 million, as I recall.

Mr. Ripley. Something like that, yes, sir.

Mr. Yates. That is right. And I remember that my questioning was related to what was the value of the Hirshhorn gift. And you quite properly presented the committee with an appraisal that had been made of the various art objects that made up the Hirshhorn gift. If my memory serves me correctly, at that time, I think, it was over $50 million. Since then, who can say what the value of that collection is now?

Mr. Ripley. Right.

Mr. Yates. Certainly it is at least $100 million, and I would estimate it is more than that. That is why I don’t know whether it is an appropriate pattern. But I would like to have the record show that in exchange for the Sackler gift for which the Government and the Smithsonian is expending a certain amount of money, there is at least equal value.

Mr. Ripley. Right.

Mr. Yates. Or perhaps greater value to the Government for its funding. That is why I am trying to identify how much you are putting up in the structure that will bear Dr. Sackler’s name.

Mr. Ripley. Yes, right.

Mr. Yates. And what Dr. Sackler is giving in exchange for it.

Mr. Ripley. Let me say this, Mr. Chairman. As I recall, at the time that I asked a similar question——

Mr. Yates. Let me go to vote, then I will come back.

Mr. Ripley, you have had a chance to consult with your people. Can you give us an estimate of the comparative cost?

VALUE OF SACKLER CONTRIBUTION

Mr. Ripley. Let me say, first of all, Mr. Chairman, Dr. Sackler’s contribution has consisted of $4 million in cash and approximately $75 million value, estimated value, in objects that he is donating now. As in the case of Mr. Hirshhorn, there is the anticipation of additional objects and additional services to come. He has indicated he would like, for example, to take over a major part of the publishing activity, financing it, in connection with the work of the Freer Gallery, the Oriental series, things that are particularly germane to his collection.

Mr. Yates. Yes.

Mr. Ripley. So it is hard to estimate exactly the value. There is the obvious problem of trying to assign any value per square foot to the spaces that will eventually be known as the Sackler Gallery. Underground there are obviously spaces in the design which will be known as the Sackler Gallery.

Mr. Yates. Well, the total cost approximates $75 million as I remember.

Mr. Ripley. Yes.

Mr. Yates. Of which half will be done by public subscription and half by the Federal Government.
Mr. Ripley. Right.
Mr. Yates. Of course, you are using some of your private funds for that, too. Those are not donated funds, are they?
Mr. Ripley. Those are endowment-like funds.
Mr. Yates. Endowment-like funds?
Mr. Ripley. Yes, they are in no sense Federal.
Mr. Yates. What do you estimate the value of the Sackler collection to be? Have you had it appraised?
Mr. Ripley. We have had a rough appraisal made at the time which implies that the objects, approximately 1,000 in number are worth something over $75 million, in addition to the $4 million cash donation.
Mr. Yates. So for the value of that collection—who did the appraising?
Mr. Ripley. I forget who did the appraising.
Dr. Lawton?
Mr. Lawton. Good morning.
Mr. Ripley. Who did the appraisal?
Mr. Lawton. Dr. Sackler had a number of people, specialists in different areas make the appraisal. Peter Marks did the appraisal for Indian and Southeast Asian. David Kahlili did the material from the Near East. C. C. Wang did the Chinese paintings. J. T. Tai did the Chinese bronzes and jades. People who specialize in each area—
Mr. Yates. Dr. Lawton, you are the director of the Freer Gallery?
Mr. Lawton. Yes.
Mr. Yates. You have had some specialization, expertise, in the quality of the objects, of objects like those that make up the Sackler collection.
Mr. Lawton. Yes, sir.
Mr. Yates. You know who the reputable and qualified dealers are.
Mr. Lawton. Yes, sir.
Mr. Yates. Are the people whose names you have just mentioned for the record qualified to establish values for the works of art in the Sackler collection?
Mr. Lawton. In my opinion they are the best people to make the appraisal.
Mr. Yates. They are?
Mr. Lawton. They are.
Mr. Yates. All right. They concluded, all of them, that the value was in excess of $50 million?
Mr. Lawton. They made their appraisals on individual items. We, as we made our selection, kept a running count of the amount of money involved.
Mr. Yates. What did that total when you were through?
Mr. Lawton. In excess of $75 million.
Mr. Yates. In excess of $75 million.
Mr. Lawton. Yes.
Mr. Yates. So the value of the collection according to these people is at least the value of the total Quad building itself.
Mr. Lawton. Yes, sir.
Mr. Yates. Even though the Sackler Gallery itself occupies only a relatively small part of it.

Mr. Lawton. Yes.

Mr. Yates. Thank you, Dr. Lawton.

Mr. Ripley. I am sure the chairman is aware there is a general tendency in philanthropic institutions ranging from museums to theaters and churches and other such organizations that depend on philanthropy to use the names of generous donors.

HEARING ATTENDANCE

Mr. Yates. Criticism has been advanced of the number of Smithsonian employees who are here today. I should state for the record that the reason they are here is at the request of the committee. Quite frequently, the committee seeks information that has to go into the record. The witnesses who are testifying with respect to the budget don’t have the figures at hand, and have to consult with the people. In order to save their time and the committee’s time, so that a fuller record can be established, the Chair has asked that officials below the top layer who ordinarily testify, the second and third levels, possibly the fourth, be asked to accompany those who are testifying.

I should also apologize, too, for the lack of space in the room. We find this happening not only in our room, but in the large committee rooms and in our main committee room, where we markup our bills. It is impossible for more than, I would say, 25 or 30 members of the public to come in and hear the arguments and the discussion on the markups of the bills.

I just came from another subcommittee hearing on foreign operations. I am a member of that subcommittee, too, where Secretary Shultz is testifying. And there is a big crowd out in the hall. They just can’t get in to hear them. Our hearing rooms aren’t adequate to take care of the needs of our space. So I think in this instance rather than criticizing the Smithsonian for the number of employees who are here, the criticism is addressed to the chairman and our committee because of our desire to have a full record. And the chairman will try to endure the criticism.

All right. That takes care of values.

THE FREER COLLECTION

There is a comparison, naturally, people will make between the Sackler collection and the Freer collection. The Sackler collection will have approximately a thousand items. The Freer collection will have—Tom, how many items?

Mr. Lawton. Approximately 26,000.

Mr. Yates. All of superb value?

Mr. Lawton. Oh, yes, sir.

Mr. Yates. Including your Japanese restorer?

Mr. Lawton. He is the most valuable of all.

Mr. Yates. I see, okay.

Mr. Ripley. I would assume, Mr. Chairman, that in another 50 years, the collections in the new center will be just as valuable or just as numerous as the present 26,000 in the Freer. Since the early 1920’s—
Mr. Yates. What was the size of the Freer bequest in dollars compared to the Sackler bequest? Do you remember the original value? Was it half a million?

Mr. Ripley. There was a sum laid aside for the building which was, I recall—it was something in the neighborhood of a million and a half dollars.

Mr. Lawton. Mr. Chairman, the cost of the building was approximately $1,400,000. That shows you how far we have come.

Mr. Yates. Yes.

Mr. Ripley. I am sorry. A million and a half would cover it.

Mr. Yates. What do you mean it shows how far we have come?

Mr. Lawton. That you could build a museum like the Freer in 1916 for that amount.

Mr. Yates. You couldn't build it for that today.

Mr. Lawton. No, sir. There was in cash approximately $2 million, I believe.

Mr. Yates. We do hope the new museum has a better roof than the one you have on the Freer Gallery.

Mr. Lawton. I share your hope.

POSSESSION OF THE SACKLER GIFT

Mr. Yates. When do you start taking possession of the objects in the gift, as soon as the museum is complete?

Mr. Ripley. We will start taking possession before the museum is complete. We anticipate the center will be completed in three years from now and that formal ground-breaking will take place earlier this summer. They have already started clearing the site.

Mr. Yates. Do you have facilities that can accept and protect the gift if, and when, it comes?

Mr. Ripley. We will have, certainly, when the Museum Support Center is completed. In addition to that, there are some protected spaces right now where we could already accept articles. We haven't faced up to that yet any more than we did with other recent acquisition. I can't give you an exact date, Mr. Chairman, when we would start the major physical acquisition of the objects.

Mr. Hughes. I could add to that, Mr. Chairman, that as a part of the move to the Support Center of objects, particularly of Natural History and some other museums, we are attempting to assure highest and best use of that Support Center space and anticipate that as it proves practical, we would use it for the materials that will ultimately be in the Sackler Gallery, and perhaps some of the additional items from Mr. Hirshhorn's collection.

ELISOFON BEQUEST

Mr. Yates. Will you also be obtaining additional objects for the African Museum when it is completed?

Mr. Ripley. Yes.

Mr. Yates. Is this the Elisofon bequest?

Mr. Ripley. I am not sure about the status of the Elisofon request.

Mr. Yates. Mrs. Williams?

Mr. Ripley. I think Mrs. Williams or John Reinhardt.
Mr. Reinhardt. That bequest is in hand, Mr. Chairman, and has been for a number of years now. It was the subject of a court dispute, which has now been settled in behalf of the Museum. This collection consists very largely of slides, photographs and some African art objects.

Mr. Yates. Well, are there others that are pending, Mr. Reinhardt?

Mr. Reinhardt. There are no others pending at this time. The Museum has acquired additional valuable works within the last year or two. Two Benin bronze pieces and an extraordinary collection of African textiles that the Museum will come into possession of during the next three years, beginning next month.

Mr. Yates. From whom?

**LAMB COLLECTION**

Mr. Reinhardt. Owners in Britain, Mr. and Mrs. Alistair Lamb, who have collected these textiles over a long period of years, about 1,600 pieces. These works are generally acknowledged to be the most extraordinary collection of African textiles in the possession of any one owner.

**REGENTS’ MEETINGS**

Mr. Yates. Let me go to a question of Smithsonian policy which is a subject we have raised before and which is raised again in this article in the *New York Times* this morning. The last part of the article says “and there are complaints from Members of Congress and from the press that the regents, in deciding how to spend millions of dollars in public funds, meet privately. Mr. Ripley says it is not his policy but that of the regents. While he disclaims any responsibility for the policy, Smithsonian employees say he support it. They have voted to keep the meetings closed, he says. The room is rather small. Besides Mr. Ripley said of the Smithsonian, it belongs to the nation. It doesn’t belong to the Congress or to the government.”

Okay. What is the real reason for keeping the meetings closed and not open to the public, Mr. Ripley? Why shouldn’t the public be allowed to see the Smithsonian regents in all their glory, and at their meetings?

Mr. Ripley. The regents have simply voted that they would prefer to keep the meetings closed. That is the long and the short of it. I have no personal bias whatever myself, as Smithsonian employees say. I don’t care. My only care, if I have a care, is an administrative care, and that is the size of the room, just as you were saying about a hearing room.

Mr. Yates. But if needed, you could certainly hold the meeting of the regents in the lounge.

Mr. Ripley. We could have a public meeting in a public space much larger. There is no doubt about that.

Mr. Yates. I read from your minutes of January—minutes of the Board of Regents of January 24, page 70: “Policy on Public and Congressional Information.”

“Mr. Ripley informed the regents that a reporter from the *New York Times* has protested that the meetings of the Board of Re-
gents have not been open to the press. The Secretary reminded the Board that this subject has been discussed by the regents several times before. See minutes of May 7, 1979, pages 79-80, and minutes of May 5th, 1980, page 51, adding that a recent survey has ascertained that the Metropolitan Museum, National Gallery of Art, the Kennedy Center, Howard University, and Gallaudet College all follow policies similar to those adopted by the Board of Regents. After discussion it was agreed that the staff should prepare a report on the question giving specific detail on the history of the regents' consideration of the matter in the past, an opinion on the relevance of the Sunshine Act to the regents’ meetings, and an analysis of current practices for the dissemination of information to the press.

The report will be reviewed by the Executive Committee prior to submission to the regents. I take it from that that after it is reviewed by the Executive Committee it will be submitted to the regents?

Mr. Ripley. That is true.
Mr. Yates. So that is the state of it at the present time?
Mr. Ripley. That is the status of it.
Mr. Yates. When is it anticipated that the report of the staff will be sent to the Executive Committee?

Mr. Hughes. We plan to do it prior to the next meeting of the Executive Committee which will precede the regents meeting date by about a month. I don’t have the date.

Mr. Hobbins. The Executive Committee of the regents meets on April 13. The Board of Regents meet, following that by a few weeks, on May 9.

AVAILABILITY OF THE REGENTS’ NEWSLETTER

Mr. Yates. That is stated in the regents’ newsletter from March 1983. The newsletter is entitled “Newsletter to the Regents, Smithsonian Institution, from the Office of the Secretary, March 83.” Is the regents’ newsletter made available to the public?

Mr. Ripley. Mr. Hobbins?

Mr. Hobbins. Not generally but we have not had any request for it.

Mr. Yates. If the public wanted to read it, could they?

Mr. Hobbins. Yes, sir.

Mr. Yates. They could. How would they get it?

Mr. Hobbins. Merely by asking.

Mr. Yates. They could get it by asking for it?

Mr. Hobbins. Yes, sir.

Mr. Yates. Are you sure of that?

Mr. Hobbins. I see no objection to it.

Mr. Yates. Well, Mr. Hobbins, you are on level what—C, B, or A?

Mr. Hobbins. I am sort of over there.

Mr. Yates. Do I take it what you have just said has the approval of Mr. Hughes or Mr. Ripley?

Mr. Hobbins. You might ask them.

Mr. Yates. Well, Mr. Hughes and Mr. Ripley, is Mr. Hobbins’ statement of your approval.
Mr. Ripley. This is all public information, of course.
Mr. Yates. Then it is available.
Mr. Ripley. Yes.
Mr. Yates. That is fine.
Mr. Hughes. It is rather widely distributed now in Congress.

Availability of the Minutes of the Regent's Meetings

Mr. Yates. Fine. What about the minutes of the regents? Who may see the minutes of the meeting of the regents.
Mr. Ripley. Those are distributed to the regents, the committees in the Congress.
Mr. Yates. They are designated as classified.
Mr. Ripley. They are not designated as classified.
Mr. Yates. It says for administrative use only. That is a classification, is it not?
Mr. Hughes. It doesn't seem so to me, Mr. Chairman.
Mr. Yates. What does administrative use only mean to you?
Mr. Hughes. To me it means it is for the benefit of those who are involved in the administrative processes of the Institution.
Mr. Ripley. But it is not exclusive. It is not closed.
Mr. Yates. Are these open to the public? Available to the public?
Mr. Hughes. We have not made the minutes available to the public. We have made a summary of the minutes that has been made generally available.

Freedom of Information Act

Mr. Yates. Are you under the Freedom of Information Act? Is Judge Powers here?
Mr. Hughes. He is not here. He has a Conference of museum lawyers which prevents him from being here today.
Mr. Yates. Does Judge Powers have an assistant?
Mr. Hughes. I don't believe he is here.
Mr. Yates. Is there a lawyer in the house?
Mr. Ripley. We can get one if you would like one, Mr. Chairman.
Mr. Hughes. This is one of the matters the regents wanted addressed very carefully for their May meeting.
Mr. Yates. Will this be a part of the staff's report?
Mr. Hughes. Yes. The question will be addressed.
Mr. Yates. The availability—Oh. Why wouldn't you be as subject to the Freedom of Information Act as the Department of Defense, for example?
Mr. Hughes. I will give you my answer, Mr. Chairman. The Smithsonian is somewhat different in terms of its relationship to the presidency and executive branch than the Department of Defense is, for example.
Mr. Yates. Or any of the other government agencies.
Mr. Hughes. That is true.
Mr. Yates. Which are subject to freedom of information.
Mr. Hughes. So the answers to the question are not as clear as—
Mr. Yates. We will, but I think we have to look to the Freedom of Information Act, don’t we?
Mr. Hughes. It is one of the Acts.
Mr. Yates. —to see to which institutions it is applicable.
Mr. Hughes. Yes.
Mr. Yates. Have you discussed this with Judge Powers?
Mr. Hughes. Some.
Mr. Yates. What has the Judge said?
Mr. Hughes. He mumbles.
Mr. Yates. I take it when the decision—when the question is murky, he mumbles.
Mr. Hughes. That is not intended to be—
Mr. Yates. What do you mean, that he mumbles when it is murky?
Mr. Hughes. Yes. I think it is what I would do under similar circumstances. I didn't mean that to be a critical comment. I think the question is a difficult one because of the rather peculiar status, the unique status really of the Smithsonian. But it is a matter we plan to address in this—
Mr. Yates. Will you ask the Judge—has he addressed it other than mumbling murkyly?
Mr. Hughes. From time-to-time.
Mr. Yates. Has he given you any kind of opinion in writing on it that might be available for the record?
Mr. Hughes. I am not aware of one.
Mr. Yates. Okay. The committee would like the Judge's opinion on this. I don't know why it shouldn't be applicable. I could see why you wouldn't want it applicable but I don't know why it shouldn't be applicable.
Mr. Hughes. Let us address that.
[The information follows:]

**Applicability of Freedom of Information Act to the Smithsonian**

The Freedom of Information Act applies to agencies in the Executive Branch. See 5 U.S.C. § 552(e). It has been the consistent position of the Smithsonian Institution, concurred in by the Department of Justice and the Office of Management and Budget, that the Institution is not within the Executive Branch and, therefore, is not within the purview of the Freedom of Information Act. Nevertheless, although not required by law, it has been the policy of the Institution to use the principles (and exemptions) of the Freedom of Information Act as a guide in responding to public requests for documents.

**Regents' Approval of Reorganizations**

Mr. Yates. You proposed to eliminate the Center for the Study of Man. Is that correct?
Mr. Hughes. Yes.
Mr. Yates. And National Human Studies Film Center?
Mr. Hughes. Yes, sir.
Mr. Yates. And to reassign the Division of Performing Arts from the Assistant Secretary for Public Service to the Assistant Secretary for History and Art?
Mr. Hughes. Yes.
Mr. Yates. Have these actions been approved by the regents?
Mr. Hughes. Yes.
Mr. Yates. Is that recorded in the minutes?
Mr. Hughes. I don't—
Mr. Yates. It would be if they have approved it, wouldn't it?
Mr. Hughes. We regarded it as essentially an administrative matter. It did not involve major change in programs for the Institution. It has been discussed with the Regents. I don't think they took a formal vote on it, I am not sure. I don't think they felt the need for it.
Mr. Yates. Well, can you tell us for the record why you did this, why the changes were made?
CENTER FOR THE STUDY OF MAN

Mr. Hughes. Yes. I can start that process, Mr. Chairman. Others may need to help me. First with respect to the Center for the Study of Man, which involved the Human Studies Film Center, the Congress took action with respect to the appropriation to reduce the funds available for that and to apply those funds remaining for other objects exclusively.

Your letter and that of the chairman of the comparable Senate Committee indicated that despite the appropriation action the Institution should feel free to apply other funds for those personnel if it so decided. We concluded that, given the fund reductions and the accompanying emphasis on the archival activities of the Film Center, that we would follow the general guidance of the two committees and have transferred the people that were in archival activities to make available similar positions for them.

And the other people have been reduced in force to a limited extent, some have resigned, others have transferred and contracts have been provided to still others. In general, though, we took action in accordance with the proposal in the report language.

Mr. Yates. You have had it under consideration for some time.

Mr. Hughes. Yes.

Mr. Yates. We have copies of the letters and memoranda touching upon these switches.

Mr. Hughes. My comments thus far just applied to the Center for the Study of Man action.

Mr. Yates. All right.

DIVISION OF PERFORMING ARTS

Mr. Hughes. The other action you inquired about had to do with performing arts. In that area we took our action for a different reason. We felt the need to relate the performing arts program more closely to other activities of the Institution, museum activities and Associates activities. And, without fundamental change in the programs being undertaken, we have administratively reorganized the performing arts program to place that portion federally financed in the Museum of American History, and that portion financed from the trust funds under the Resident Associates Program, head by Mrs. Solinger.

The programs are being carried on essentially as they were, but with some greater scrutiny from a management standpoint and from a funding standpoint to reduce the subsidization of the program to a level that we can afford on a continuing basis.

Mr. Yates. What happened to the personnel?

Mr. Hughes. The personnel have been transferred respectively to the Museum of American History and to the Resident Associates Program. Many were not carried on by Smithsonian personnel but were carried on under contract. In general, and again subject to fund limitations, we would intend to continue that activity essentially as in the past.
SUMMER HOURS

Mr. Yates. OK. Are your facilities going to be open in the evenings during the current fiscal year?

Mr. Ripley. Yes, Mr. Chairman. We have just recently announced what our spring-summer programs are going to be. Last year we only had two museums, as I recall, open for summer hours because of the restrictions of funds. This year we are modifying that, and having most of the museums open. We have a schedule here. Five museums on the Mall will remain open an extra two hours daily during the Memorial Day/Labor Day period, and also during, the week beginning with Easter weekend. Closing will be at 7:30 p.m. The Zoo, of course, will also observe summer hours.

Five other museums, Arts and Industries Building, the Freer, the National Museum of American Art, National Portrait Gallery and Renwick Gallery will continue to close at 5:30, as they do in winter. But we think that in the most popular museums on the Mall we are doing the appropriate thing in view of the occupancy and visitation records that we have for those buildings. Museum of African Art, up on Capitol Hill, continues to close at 5:00 p.m. The Anacostia Museum closes at 6:00 p.m. We also have cafeteria services in the Air and Space Museum remaining open until 7:00; and in American History, too. The garage will be open until 8:30.

SALARIES AND EXPENSES BUDGET HISTORY

Mr. Yates. I know with respect to the budget, last year's budget was $144 million, which did not include the construction items. That was salaries and expenses primarily. It is interesting to look at the salary and expenses budget, going back some years. If you go back to 1978, which is five years ago, the figure was $88,288,000, in which there were additional costs of supplemental and pay costs. In 1979 that was raised to $96,302,000. In 1980 it became $103,781,000 with pay costs of $4 million. In 1981 the total was $117,665,000 with additional pay costs of $4.6 million, and in 1982 it was $128,470,000. 1983, enacted to date, it is $144,366,000, and you have a supplemental for two million three. So the 1983 adjusted is $146,756,000.

You have a request for the current year of $154,354,000, which is approximately $7.5 million over last year. But we look at your request to OMB and the intra-Smithsonian request, the bureaus, the various bureaus requested $189,835,000. That includes construction and special foreign currency and restorations and renovations. So it isn't directly related. The comparable amount for last year, bureau requests would be $164,490,000. Apparently, the upper layer of Smithsonian people—I should say the Secretary, shouldn't I—reduced that by $8 million to $156,136,000. Correct me if my figures are wrong. They do come from the Smithsonian.

OMB REDUCTIONS

And that, then, went to OMB. And OMB reduced that to $154,354,000, which is your request. That is roughly $10 million below the bureau's request. Now, who is hurt by that? You are hurt by $10 million. Who is hurt by that? The Museums of Science, or the scientific activities were reduced by $1.5 million. Museums
of History and Art were reduced, not too much. $26,300,000 to $25,100,000—a million dollars. Public service was reduced from $1.7 million to $1.5 million. Museum programs were hurt. They were reduced from $11.3 to $8.5 million. So we will come back to these in a minute.

Special programs were reduced from $13.3 million to $12.2 million, about a million dollars roughly, which is the John F. Kennedy Center trustee grant, isn’t it?

Mr. YELLIN. Yes, sir.

Mr. YATES. Administration was increased by $300,000. All right. Then the facilities service was cut from $48 million to $44 million, a cut of $4 million. So we look at these. How badly will you be hurt by these various reductions with which you went to OMB? The museum programs. We will look at those first. Not too bad for the Assistant Secretary for Museum Programs. He may lose a secretary, goes from $888,000 to $858,000. Office of Registrar wasn’t cut badly, from $101,000 to $93,000. The Smithsonian Institutional Libraries was the one hardest hit. $5.8 million to $3.6 million. What will be hurt there?

Mr. PERROT. Mr. Chairman?

Mr. YATES. Paul Perrot. Tell me how badly you will be hurt there.

Mr. PERROT. In reviewing the budget that was submitted by the various units, my office was conscious that there was an overall ceiling for the Institution. In reviewing individual units I kept in mind what I considered to be the overall needs of the Institution and priorities. The libraries are being hurt. Libraries submitted a very carefully developed budget that calls for additional support for the microfilming programs, conservation, for acquisition, and particularly for library automation. So upon reviewing all the requests that were made and looking at the priority, they were cut back, and they were further cut back during the budget process at OMB.

Mr. YATES. What are you going to lose that you thought you needed?

CATALOGING RARE BOOKS

Mr. PERROT. Well, we are losing, for example, the cataloging of rare books. This is a project that has been underway for a number of years, and it is going to be slow to accomplish it.

Mr. YATES. What does that mean? I want to ask you about how your inventory is proceeding. When you talk about the cataloging of rare books, is this a separate process from inventorying them?

Mr. PERROT. Yes, Mr. Chairman.

Mr. YATES. You do inventory the rare books?

Mr. PERROT. We do, indeed.

Mr. YATES. Now, why do you want to catalog them?

Mr. PERROT. The cataloging process, particularly with rare books, is complex because it consists not only identifying by title and subject and so forth, but also total collation of the book to determine its bibliographic history, as it were. This is a process somewhat comparable to the cataloging of museum objects. This is separate from the inventory process. It is something that can be postponed.
This does not endanger the safety of the volumes either in their physical characteristic or otherwise.

Mr. Yates. How many rare books do you have that were proposed to be cataloged?

Mr. Perrot. I do not have this figure, Mr. Chairman, but I could provide it for the record.

Mr. Yates. Okay.

Mr. Murtha. Do people have access to the books if they are not cataloged?

Mr. Perrot. We have checklists that make it possible to retrieve them rapidly on demand.

Mr. Murtha. Even without the catalog—

Mr. Yates. Yes. But that doesn’t answer my question. Does the public know what rare books you have?

Mr. Perrot. We do have complete lists by title, yes, Mr. Chairman.

Mr. Yates. Why do you catalog them?

Mr. Perrot. Because we want to know more about the volumes, what the collation is, what the previous ownership may have been. These things are related to the cataloging of museum objects.

Mr. Ripley. If I may add to that, Mr. Chairman.

Mr. Yates. I was just going to ask, why is that important?

Mr. Ripley. Why is a rare book important in its own way for cataloging purposes? I have done a bibliography of books in a special field and I can certainly speak to this. Because every single individual example of a rare book may have a different number of pages, different number of plates. It may be in a different state from every other single example. A rare book is something of which implicitly there are only a certain number of individual copies in existence. Each copy may have been treated badly over the years, or very well. It may be complete. It may be only partly complete. That is what is called the collation.

In other words, to know that this state of this volume differs from the state of every other comparable volume of that work is a matter of great interest to science, to bibliographers, to people in the library field. That is a specialized and difficult subject. When you have a rare book collection as this Institution does, you want to try to know as much about the state of every individual rare book as you can, and its comparability to others of its kind. That is a need, and it has to be expressed in a very complete catalog item which may take several cards—

Mr. Yates. Is this a customary practice for institutions that have rare books?

Mr. Ripley. Yes, indeed. The libraries that have rare books—of which there are, of course, dozens in the country—may have only specialized fields. Our specialized field is particularly in some art books and in books in the field of natural science, physical science.

Mr. Yates. How much money was involved in this?

Mr. Perrot. $136,000.

Mr. Yates. Would that complete the cataloging?

Mr. Perrot. It would not.

Mr. Yates. What is the total cost of the cataloging?

Mr. Perrot. I will submit that.
Mr. Ripley. That is an ongoing process, Mr. Chairman, as I see it.

Mr. Yates. For how many years?
Mr. Ripley. Probably as long as we acquire rare books, because rare books are given to us. Then we have to recollate them.

Mr. Murtha. How many books can you catalog for $136,000?
Mr. Ripley. I think we would have to give you a——
Mr. Yates. Sure. How do they arrive at the figure?
Mr. Toney. I am sorry. I am not prepared to answer that.
Mr. Perrot. We will provide it for the record.

[The information follows:]

4,500 volumes can be cataloged for $136,000.

LIST OF ACQUISITIONS

Mr. Ripley. I know, Mr. Chairman, in my experience the bibliography I did took 11 years. This involved collating each individual item of the rare book collection.

Mr. Yates. You know it occurs to me, do we have in your submissions to us a list of your acquisitions for last year? You say you get rare books all the time. The National Gallery, for example, issues a report showing what its acquisitions are, do you do the same things?

Mr. Ripley. We have done it for individual museums because, of course, we are far different in that respect than the National Gallery. If they acquire 50 paintings, let's say, or 3,500 prints or 25 important lithographs, those are tangible items. Any one of our museums tends to produce in its own annual report a similar equivalent list.

Mr. Yates. Does that include other objects than paintings?
Mr. Ripley. Yes, manuscripts, books.
Mr. Hughes. Stamps?
Mr. Ripley. Stamps, coins—goodness knows. The hair of a toad.

LIST OF DONORS IN ANNUAL REPORT

Mr. Yates. Look at page 569 of your 1981 yearbook. You have donors to the collections of Smithsonian Institution Libraries on that page. On page 568 you have donors to the Smithsonian Institution Archives. And you have donors of various kinds. Donors of financial support. You don't tell how much Mrs. Robert Crooker gave, though, or the United States Department of Energy. And look at this vast fount of information. Somebody named John F. Olmstead gave some money. It doesn't say how much, except that he gave over $1,000. Mary L. Ripley gave over $1,000. Thomas Halsted gave over $1,000. Lee B. Burnett, is that the advertising executive? That is Leo. He dropped the "o," or this isn't the same person—gave over $1,000. Donors of $10,000 and above.

Why don't you say how much they gave instead of saying over $10,000?

Mr. Ripley. I will have to ask Mr. Hohenlohe that. I don't think he is just being cute. It may be——

Mr. Yates. $10,000. $10,001?
Mr. Ripley. It would involve a lot of decimal points.
Mr. Yates. Why do you do it this way, Mr. Hohenlohe?
Mr. Hohenlohe. It has traditionally been done that way, Mr. Chairman. I think to indicate in rough terms the size of the gift, the importance of the gift.

Mr. Yates. Do the donors object to not having——

Mr. Hohenlohe. We have never received any objection regarding the way we do it, sir.

Mr. Yates. There is a nice Office of Museum Programs donor financial support. United States Department of Labor/Arts Partnership. What is that?

NATIVE AMERICAN TRAINING PROGRAM

Mr. Perrot. That was to assist us with our Indian program, Mr. Chairman, Native American Training Program, regarding fellowships, internships, and workshops in various parts of the country for Native Americans.

Mr. Yates. Good idea. I would be interested in knowing how much money was put into that. I think it is a very good idea.

Mr. Perrot. If my memory is correct, Mr. Chairman, about $140,000.

RARE BOOK DONATIONS

Mr. Yates. How do you know when a book is rare, that you want to accept the gift? Do you have a committee that reviews it?

Mr. Perrot. There are general bibliographic guides. It is very difficult to define rarity. A rare book can be a pamphlet by Einstein, for example, printed on very poor paper but announcing something that is part of the development of our understanding, or a very rare binding developed for an important collector, for example, the Fuggers, in the 16th century. Or it can be the first edition of an important discovery occurring at any time since the discovery of printing or indeed it can be a manuscript.


Mr. Perrot. That is not a rare book, Mr. Chairman. This is a listing of donations to the library.

Mr. Yates. Right.

Mr. Murtha. Do they still get a tax deduction for donations of rare books and things like that?

Mr. Perrot. Yes, sir.

Mr. Murtha. Do you set the price?

Mr. Ripley. No.

Mr. Perrot. Donors are responsible for assigning the value and having the items appraised.

Mr. Ripley. It is between the donors and their tax advisors.

Mr. Yates. And their conscience.

Mr. Murtha. But IRS is the conscience, you see.

Mr. Ripley. The IRS is the court of last resort.

Mr. Perrot. For any significant amount, IRS has a professional review committee that examines the gifts that are reported.
Mr. Yates. What happens if a later Smithsonian administration, decides that the collections of an earlier administration really weren't that significant? Do you ever get rid of any of your things, or is yours only a collection and not a disposal process?

Mr. Perrot. There is an existing process, Mr. Chairman. Each of the museums has a deaccession process, and the library itself does this from time to time. We transfer to the Library of Congress duplicate books or which are generally recognized as having no particular value for the Institution but might have value elsewhere.

Mr. Yates. Who decides what to deaccess?

Mr. Perrot. There is a curatorial review. The curator reports to the chairman, who reports to the director, and if further review is required, it could go to the Assistant Secretary, to the Secretary, and indeed it could go to the Board of Regents.

Mr. Yates. What did you deaccess last year?

Mr. Perrot. I could give you a tonnage list for books that have been received from all parts of the world and which were deemed surplus to the collection. These books were transferred to the Library of Congress.

Mr. Yates. A tonnage list. How many books do you get a year? Mr. Toney?

Mr. Toney. About 15,000. We add 15,000 but we get twice as many.

Mr. Ripley. The Library function began right at the beginning of the Institution.

Mr. Yates. Is deaccession true of all your activities?

Mr. Ripley. No. It is true of things like books which, for example, traditionally we do get many of, and then have to make decisions about where best they could be utilized. We serve as a kind of receiving point.

Mr. Yates. Suppose you want to get rid of a painting from one of your museums. Do you ever do that?

Mr. Ripley. Yes, from time-to-time a painting might be exchanged for the benefit of the—

Mr. Yates. When is the last time you did it, and which museum did it?

Mr. Ripley. I will have to provide that for the record, Mr. Chairman. I am not aware of this as a very active program. On the other hand, I do know that very occasionally it does happen.

Mr. Yates. Can any of your museum directors who are here tell me whether it happened within the last year?

Mr. Ripley. Any volunteers?

Mr. Reinhardt. The Museum of African Art, Mr. Chairman, deaccessioned approximately 150 pieces of African sculpture, in accordance with procedures that had been approved by Smithsonian administration and the Commission which advises that Museum. These were pieces which the curators at the Museum judged to be either inferior or duplicates or certainly in excess of needs.

Mr. Yates. Mr. Reinhardt, do you sell them then? What do you do?
Mr. REINHARDT. In this particular instance most of these were
donated to other organizations. The procedure provides that they
may be sold.

Mr. YATES. Did you take a tax deduction?

Mr. REINHARDT. We are conferring with IRS.

Mr. HUGHES. Mr. Chairman, there are collections management
policies for all institutions, for which Mr. Perrot is the custodian
and arbiter, which govern accessions, deaccessions, exchanges, and
so on. These have been developed somewhat in the context of the
inventory process, but parallel with that, I guess, and govern the
kinds of actions that Mr. Reinhardt was talking about.

Funds acquired through deaccessioning

Mr. YATES. Do you ever get funds for your deaccessions, any
money coming to the Smithsonian, and do you ever sell anything to
raise money?

Mr. PERROT. There have been none in recent years that I know
of, Mr. Chairman.

Mr. HUGHES. We have discussed some, Mr. Chairman, I think
with this committee: stamps and coins, in that area. And we have
been struggling with the question of how that might be done with-
out damage to future acquisitions to the institutions or to the
stamp and coin markets or our collections.

Mr. YATES. Here is your "Newsletter to the Regents" from
March 1983, I notice that you sold the Beetles' Rolls Royce.

Mr. RIPLEY. Yes.

Mr. YATES. For $200,000.

Mr. RIPLEY. At least we think we have. We don’t know that it
has been completed yet.

Mr. YATES. This is Cooper-Hewitt. How in the world was—

Mr. RIPLEY. It was given as a donation—

Mr. YATES. How in the world was Lisa Taylor able to sell the
Beetles’ Rolls Royce over the objection of Roger Kennedy? Did he
want it for his museum?

Mr. RIPLEY. I don’t know that Roger came into the discussion.

Did you, Roger?

Mr. KENNEDY. No, sir.

Mr. RIPLEY. This was an object given with the idea that it would
be sold and proceeds given to the museum itself.

Mr. YATES. I notice it was given by John Lennon and Yoko Ono
in December 1977. Terms of the sale provide $150,000 cash pay-
ment within 20 days after receipt of a signed sales agreement. The
remaining $50,000 will be made in installments of a one-year
period. Signing of the agreement is imminent and it is expected the
sale will be consummated by early spring. What happens to that
money?

Mr. RIPLEY. That goes into the Cooper-Hewitt fund because it
was specifically designated to benefit the Cooper-Hewitt.

Mr. YATES. Do we have in here how much each of the museums
received by way of gift as individuals, like the Rolls Royce?

Mr. RIPLEY. I would assume so, though it may not be in such
great detail as to say Rolls Royce in any one year. But I would
assume it would.
Mr. Yates. Let's come back at 1:30.

**Afternoon Session**

**SIZE OF RARE BOOK COLLECTION**

Mr. Yates. Mr. Reporter, show the hearing as coming to order.

Mr. Perrot, when we were last meeting, you were discussing rare books and such things.

Mr. Perrot. I have an answer to the question, Mr. Chairman, concerning cataloging of rare books. Nine thousand volume backlog. This amount was to take care of half of them.

Mr. Yates. Nine thousand rare books in the backlog. How many rare books do you own?

Mr. Perrot. Approximately, 25,000 volumes.

Mr. Yates. How rich is the Smithsonian Institution?

Mr. Perrot. It has 140 years of tradition.

Mr. Yates. I see.

Mr. Perrot. And accumulation, and discrimination.

Mr. Yates. Of accessioning rather than deaccessioning?

Mr. Ripley. Please, Mr. Chairman, don't forget that until up to 1904, about 40 percent of all books in the Library of Congress were books that the Smithsonian had passed over to them from receipts of the Smithsonian books, so that we have been, as it were, giving books from the Smithsonian deposit into that Library for well over a hundred years, and only in 1962 did we sign off on the Smithsonian deposit and say, it is all yours. We have no further claim on these books.

So that probably in the net, a good quarter of all the books in the Library of Congress came as donations from the Smithsonian.

It is quite an——

Mr. Yates. I thought it came originally from Jefferson Library.

Mr. Ripley. Well, about 2,000 volumes, maybe.

Mr. Yates. I am glad you didn't answer my question when I asked how rich the Smithsonian was because you have to go to OMB; don't you?

Mr. Ripley. Yes, sir.

**HOPE DIAMOND**

Mr. Yates. They are selling off some Government lands throughout the country trying to raise money, and satellites, too. Did you let the Hope Diamond go out yet?

Mr. Ripley. Nobody will buy it.

Mr. Yates. I know. Harry Winston gave a party, didn't he, December 1, 1982.

Mr. Ripley. Yes. We loaned him the Hope Diamond for that party up in New York, to the Metropolitan Museum.

Mr. Yates. How did you happen to do that?

Mr. Ripley. Well, because we received the Hope Diamond from Harry Winston. It was sent in by registered mail for $1.62.

Mr. Yates. He sent it to you for that?

Mr. Ripley. He gave it to us as a donation years and years ago, about 1961, somewhere along in there. It simply came in the mail,
unknown to us. It turned out they wanted to donate something to the Smithsonian. He thought he better unload the Hope Diamond.

Since then, the Winston firm has given us several other very important diamonds, and so we have a friendly relationship with them.

We have never given them anything back, but when they asked specially to borrow this stone, to show it at their celebration of so many years of the existence——

Mr. Yates. A black tie, golden anniversary party.
Mr. Ripley. Golden anniversary. Fifty years, I guess.
Mr. Yates. Were you there?
Mr. Ripley. No, sir.
Mr. Yates. Did you send an emissary?
Mr. Ripley. No, sir. I don't think we were invited. We simply loaned them the diamond. We were not in the golden league. We may be in the golden age, but we are not——

Mr. Yates. Where is the diamond now?
Mr. Ripley. It is back. It is in the Museum of Natural History.
Mr. Yates. Did they send it back by mail for $1.62?
Mr. Ripley. I am not aware. Probably so much time has passed that they don't quite dare do that anymore.

Mr. Hughes. The diamond was only out—they picked it up one evening after the museum was closed and brought it back the next day. We watched them all the while.

Mr. Yates. You watched what?
Mr. Hughes. Them and the diamond being transported.
Mr. Yates. Oh.
Mr. Ripley. That is what security does for you nowadays.

COLLECTIONS INVENTORY

Mr. Yates. Well, the Hope was a hit at the party, they said, as it should be.

That is the institutional libraries we were talking about. Incidentally, before I forget it, how is your inventory coming along. Are you almost through?

Mr. Perrot. It is on schedule and we expect the first phase will be completed June 1st. There will be some refinements in the years to come and, of course, there will be a continuing cycle of inventory of the most important collections according to schedules that have been set.

But we are on target and completing the inventory.

MISSING OBJECTS AND VANDALISM

Mr. Yates. All right. Have there been any losses you have discovered?

Mr. Perrot. This will be determined more fully, Mr. Chairman, after the reconciliation process, which will take several years to accomplish. As of now, I do not know of any significant or insignificant——

Mr. Yates. Are you the one who would know if there were?

Mr. Perrot. I might, Mr. Chairman. Then, again, I might not.

Mr. Yates. For instance, when Mr. Blitzer's museum lost the Washington sword? Did you know it was missing?
Mr. Perrot. I did not know at that time, Mr. Chairman. We had not yet developed the procedures for reporting that we have now. Every item that is missing, even misplaced, is immediately report-
ed to the appropriate curatorial service, as well as the Office of Se-
curity. Whatever step is necessary is taken.
Mr. Yates. Can I ask the question generally of all the caretakers
of all these documents? Do you know of anything missing? Are
there things missing that you haven’t told Mr. Ripley about?
Mr. Reinhardt. In the History and Art Museums, Mr. Chair-
man, there is nothing missing that we haven’t told Mr. Ripley
about and I think nothing that we haven’t told you about.
Mr. Yates. OK.
Mr. Reinhardt. Many of these cases are now in the hands of the
FBI and other law enforcement officials, and they are pursuing
them.
Mr. Yates. Cases of missing objects?
Mr. Reinhardt. That is correct. There have been no recent
major losses in our museums.
Mr. Yates. Any vandalism, Mr. Reinhardt?
Mr. Reinhardt. There is always some vandalism, but nothing
significant.
Mr. Yates. Is that true of yours, too, Mr. Challinor?
Mr. Challinor. Yes, Mr. Chairman, to my knowledge there are
no outstanding missing objects that I am aware of, certainly in the
last few years.

SMITHSONIAN LIBRARIES BUDGET REQUEST REDUCTION

Mr. Yates. You lost $2 million of your request to OMB in the
institutional libraries, Mr. Perrot, and you said a hundred and
some thousand was for the cataloguing of rare books. What were the
other items?
Mr. Perrot. $600,000 for the cataloguing of the trade catalogue
and document collection, which is the most comprehensive in the
country. These are sales catalogues of manufacturers extending
back to the middle of the Nineteenth Century, as well as adver-
tisements for this or that product; this is very important research
material which will be properly housed in the library of the
Museum of History.
But it was not catalogued in the sense we discussed before. How-
ever, we are making check lists by title. Our curators, as well as
others who need to have access to such materials can have access
to them, but not as we would like.
Mr. Yates. All right. That is $700,000.

CONSERVATION OF RARE BOOKS AND TRADE LITERATURE

Mr. Perrot. In addition, there is binding. There is an item called
collection improvements.
Mr. Yates. Binding what? Rare books?
Mr. Perrot. Binding books and periodicals in general.
Mr. Yates. Why shouldn’t they be bound? Don’t you have to bind
them?
Mr. Perrot. We have to bind them, but that requires addition-
al—more funds than we have.
Mr. Yates. Who binds them for you?

Mr. Perrot. They are done generally under contract. We have had until recently a small facility to do perfect binding—temporary binding of periodicals. This now has been phased out because it was not efficient. We are going to have it done under contract in the years ahead.

Mr. Ripley. Volumes wear out on the shelves, a lot of deterioration.

Mr. Yates. I know. Backs break and so forth.

Mr. Perrot. With all 12 issues of a periodical together, all in one volume, they are easier to protect.

Mr. Yates. How do you protect the pages from disintegration in your rare books, for example?

Don’t they dry out?

Mr. Perrot. Rare books until about 1850, 1860, are in excellent condition because they were done with acid-free materials. With the development of wood pulp paper in the latter part of the Nineteenth Century, nearly all books are self-destructive.

Now there are deacidification methods either by bathing them in neutralizing liquids and more recently, fumigating them, exposing them to fumes in vacuum chambers.

There has been a tremendous amount of experimentation on this at the Library of Congress. We are following this very closely, as well as in other organizations, the Institute for Paper Chemistry and others.

It seems now—I am not up to date on the chemistry of it—but it seems a new method has recently been developed which may finally provide the breakthrough to be able to deacidify on a large scale.

In the past it has been page by page or signature by signature. But it is hoped now that the materials that have been developed will penetrate sufficiently into the paper to guarantee longer life. I read one report speaking of hundreds of years of prolongation of life rather than the destruction which is now so evident.

If I might add, some years ago the Library of Congress estimated that something like eight to twelve million of their books would no longer be in existence by the year 2025 or so. It is a very serious problem especially for our catalogues. For example, our trade catalogues are printed obviously on very poor quality paper. We would like to process these through fumigation or whatever process is most appropriate.

Mr. Yates. You don’t microfilm these objects?

Mr. Perrot. We do microfilm those that are too far gone to be preserved, all those which are redundant, where other libraries are keeping original copies and our copies are not absolutely necessary for the completion of our research.

Therefore, we do microfilm those.

**CONSERVATION OF ETCHINGS AND PLATES**

Mr. Yates. Do you have any etchings or plates in the Library?

Mr. Perrot. There are some. There is a collection. I am not up-to-date on its entire content, but I know we have printing plates,
some of considerable value, from rare editions, particularly in the field of natural history.

Mr. Yates. Do you have to worry about those, too?
Mr. Perrot. They are generally taken care of by waxing and packing them in appropriate cartons.

CONSERVATION OF GRAPHICS

Mr. Yates. Mr. Reinhardt, your Museums have matted presentations of drawings and lithographs and various other kinds of graphics. Do you have to worry about whether those graphics are matted with rag mats?

Mr. Reinhardt. We certainly do. It is one of the major problems of conservation in many of the museums, and the matting process is such that we desire to prevent what they call acidity which would cause a rapid deterioration of the painting.

The conservators in these museums are continually alert to this problem, and mat and remat in order to avoid it.

Mr. Yates. Do you know which of your graphics have not received this kind of treatment yet?

Mr. Reinhardt. We do have a complete list; yes.

Mr. Yates. So that you are representing to the committee that all of your graphics are now framed with material that doesn’t cause the graphics themselves or water colors or drawings to disintegrate?

Mr. Reinhardt. No. All of them are not. The great majority of them are. It is a continuing process.

Mr. Yates. Could you tell us how many are not?

Mr. Reinhardt. We would have to go museum-by-museum.

Mr. Yates. All right.

Mr. Reinhardt. I can give you some information on that.

Mr. Yates. Shouldn’t you be doing this as quickly as possible?

Mr. Reinhardt. Oh, we do do it as quickly as possible.

Mr. Yates. What does that mean, “as possible”; depending on the funds that are available?

GRAPHICS AT THE FREER

Mr. Reinhardt. Depending on the funds that are available and depending on the personnel who are available. In the Freer, for example, you know the problem with Japanese paintings.

Mr. Yates. Yes. You meant woodblocks?

Mr. Reinhardt. That is right. We now have one conservator who is expert in it. We are attempting to hire another. We think we know a person who will be available to us this summer.

They are very rare birds. Thus, the limitation there is in personnel, not in money, per se.

Mr. Yates. Suppose you contracted it out? Are you thinking in terms of an outside contractor arrangement or hiring them?

Mr. Reinhardt. In the case of the Freer, it is a person whom we will hire.

Mr. Yates. Okay.

Mr. Reinhardt. In the case of the Hirshhorn——

Mr. Yates. Have you requested funds for that?
Mr. REINHARDT. We have requested funds for that. Funds are available. We are looking for the person.

Mr. YATES. I see.

Mr. REINHARDT. We think we have found the person.

Mr. YATES. Okay. Good.

Mr. REINHARDT. In the case of the Hirshhorn Museum, there is a problem——

Mr. YATES. You haven't told us yet how many of your objects in the Freer await this kind of treatment.

Mr. REINHARDT. In the case of the Freer, we are much better off than we are in most of the other museums. In employment, I will try to give you the exact figures: In the case of paintings, in the Freer Gallery, we have a total of 4,184 paintings. Five percent of these need minor treatment. None need major treatment.

Minor treatment we call normal care. In the case of the Hirshhorn, we have 499 paintings.

Mr. YATES. Do you distinguish between paintings and graphics?

Mr. REINHARDT. In this case we are not distinguishing between the two.

Mr. YATES. Paintings are not concerned with the problem we are discussing, are they? You are talking about oil paintings, are you not? You are not talking about water colors?

Mr. REINHARDT. With the acidity problem, yes.

Mr. YATES. Paintings are not affected with that?

Mr. REINHARDT. They are concerned with that. The proper matting would be necessary for paintings and graphics.

Mr. YATES. That would be water colors and graphics, but not oils.

Mr. REINHARDT. Not oils.

GRAPHICS AT THE HIRSHHORN

Mr. YATES. How many need care in the Hirshhorn?

Mr. REINHARDT. In the Hirshhorn, about 1,000 need minor treatment and about 200 of them need major treatment.

Mr. YATES. Still?

Mr. REINHARDT. Still.

Mr. YATES. What do you propose to do about the 200?

Mr. REINHARDT. The 200 are being treated in the normal course of things to the extent that the personnel available can. Some of this is put out on contract.

Mr. YATES. Do you have adequate funding?

Mr. REINHARDT. The funding for this is adequate.

Mr. YATES. Is there a chance of discoloration or disintegration in the interim?

Mr. REINHARDT. There is always a chance for a minor part of the total collection. But obviously, these are the ones that the conservators would turn to first, and these are the ones that——

Mr. YATES. How do they know? If they are framed, how do they know? They take them out of the frames?

Mr. REINHARDT. By examination. Mr. Lerner is here.

Mr. LERNER. By examination primarily. You were talking primarily about graphics?

Mr. YATES. Graphics and water colors which are matted when they are framed.
Mr. Lerner. That is correct. Very often it is not just a question of the mats. It is also a question of the water color itself that has our concern.

Mr. Yates. Right.

Mr. Lerner. But primarily if we are talking about drawings and graphics, we are talking about mats because lithographs per se do not change appreciably.

Mr. Yates. Do they now?

Mr. Lerner. Yes.

Mr. Yates. Don't they if the mats are wrong? If the mats are not rag paper, for example.

Mr. Lerner. Yes.

Mr. Yates. Go ahead.

Mr. Lerner. All of our things have been examined. Approximately, of the two or three thousand works on paper, probably a thousand need to be worked on. But of these what is necessary is a change in the mats for example. But serious things like foxing and so on involve just two or three hundred, and these are being worked on all the time.

Mr. Yates. Is it a question of funds?

Mr. Lerner. No. We have one paper restorer. These are, as has been noted, very rare birds. It is very difficult to get paper conservators and very difficult to get good ones. If you repair a water color improperly, you lose your water color.

Availability of Trained Conservators

Mr. Perrot. Mr. Chairman, the additional problem is that sometimes the paper on which the print is made is self-destructive. So that requires a special kind of treatment. The answer to the question whether we could do more with more money is obviously, yes, we could. But we could not use as much money as we would like.

The reason for that is the availability of trained personnel is just not to be had. This is one of the reasons we are so eager to start a training program, to begin to fill that gap. Clearly, our museums, as well as every museum, every major museum in the country in the past have not paid attention to conservation in the way that they might have.

I say "might have" because much was unknown in the past, and we cannot blame our predecessors for not knowing what we know today. But now it would be reprehensible if we did not give major priority to conservation, and indeed, it is the Institution's policy to do so.

We could use more money for contracts, but not that much because there are not many people out there to do the work. The best way to have the work done is to have it done whenever possible in-house so there can be as it were communion between the conservator and curator.

Mr. Yates. I take it there is no way of pooling your conservators in the Smithsonian between museums. They have enough work to keep them busy.
Mr. Perrot. They all have enough work. The Cooper-Hewitt, for example, has 112,000 prints and drawings; approximately 25 percent are in acceptable condition; 50 percent need treatment, rematting or something of the sort; and 25 percent major treatment. May I say this is the largest collection of prints and drawings in the United States. So there is a problem.

Mr. Yates. Is Cooper-Hewitt the museum that has the greatest number of Church's drawings?

Mr. Perrot. That is correct. We would like to spend more, and I am sure that the Secretary will give us his blessings—

Mr. Yates. Yes, but will he give you money in addition to his blessings?

Mr. Perrot. His blessing is generally substantial.

Mr. Yates. I see. Ok. Well, would you put into the record, I think rather than going into it individually now, the condition of your paper renditions and what you are doing about it? If this is an important conservation measure, as I think it is, and you need more money, I think you ought to tell us so.

Mr. Perrot. We shall remember that.

[The information follows:]

**Condition of Prints and Drawings**

The following summarizes the conservation conditions of prints and drawings in appropriate museums of the Institution:

<table>
<thead>
<tr>
<th>Museum</th>
<th>No. of prints and drawings</th>
<th>Percent Acceptable</th>
<th>Percent in need of minor treatment</th>
<th>Percent in need of major treatment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freer Gallery</td>
<td>1,571</td>
<td>100.0</td>
<td>20</td>
<td>0</td>
</tr>
<tr>
<td>Natural History (Anthropology)</td>
<td>2,000</td>
<td>80.0</td>
<td>20</td>
<td>0</td>
</tr>
<tr>
<td>Air and Space</td>
<td>2,000</td>
<td>92.2</td>
<td>6</td>
<td>1.8</td>
</tr>
<tr>
<td>Cooper-Hewitt</td>
<td>112,000</td>
<td>25.0</td>
<td>50</td>
<td>25.0</td>
</tr>
<tr>
<td>Hirshhorn</td>
<td>2,031</td>
<td>39.0</td>
<td>49</td>
<td>11.0</td>
</tr>
<tr>
<td>National Portrait Gallery</td>
<td>1,467</td>
<td>22.0</td>
<td>12</td>
<td>66.0</td>
</tr>
<tr>
<td>American Art</td>
<td>15,981</td>
<td>10.0</td>
<td>53</td>
<td>37.0</td>
</tr>
<tr>
<td>American History</td>
<td>145,855</td>
<td>5.0</td>
<td>65</td>
<td>30.0</td>
</tr>
</tbody>
</table>

1. "Major and Minor Treatments" are generalized categories. Major treatments of paper and graphic materials include such activities as wet treatments involving both aqueous and organic solutions for purposes of cleaning, deacidification, and alleviating deterioration; gaseous treatments; lining, bleaching; removal of pressure-sensitive tape; consolidation; and repairs that might include filling holes and assembling fragmented documents. Length of treatments might be from several hours to several days or weeks. Minor treatments involve matting, encapsulating andépoque procedures.

Preparation of paper materials for placement in suitable storage facilities also requires participation of trained conservators. The time required for minor treatment may extend up to 60 hours.

2. Represents ongoing scheduled treatment.

3. Of these, approximately 74,000 are non-fine arts, historical materials.

4. In addition, the Warshaw collection, which consists of more than 1,000,000 items, contains many documents and print materials. This collection presently is being surveyed for conservation status.

There are at present nine paper conservators in Smithsonian conservation laboratories: two each in the National Museum of American Art and the Freer Gallery of Art (one of whom is part-time), and one each in the National Portrait Gallery, the National Museum of American History, the Hirshhorn Museum and Sculpture Garden, the Cooper-Hewitt Museum and the Conservation Analytical Laboratory. The Smithsonian Institution Libraries has a book conservator on its staff. Laboratories also accept qualified interns from time to time who contribute to the conservation effort but whose work must be carefully supervised.

In addition to performing conservation treatment, conservators devote time to continuing checks on the quality of the light and climate of the Museum, provide
advisory services to technicians developing exhibitions, and prepare condition reports on incoming and outgoing items.

In general, priority is given to the treatment of items to be placed on exhibition or sent out on loan. Some laboratories occasionally retain conservators on a contract basis to work "in-house" when an exceptional workload demands it.

The number of prints and drawings requiring either major or minor treatment is affected by several circumstances. At the Cooper-Hewitt, for example, the large prints and drawings collections had not been treated properly before that museum became part of the Smithsonian. This museum, therefore, inherited a substantial backlog. A conservation laboratory has been created and a professional conservator employed. In several of the art museums, many prints and drawings acquired for fine arts purposes were not originally considered as such when first produced. For example, some portraits may have been created primarily as illustrations to be used in conjunction with accounts of historic events. Frequently, these had not been given the care merited by their now-recognized artistic worth. Still another factor is the high rate of accession when particularly desirable large collections become available to a museum. Many of the items in such collections will require some degree of conservation treatment to assure their preservation. In recent times, artists who produce prints and drawings have shown little concern for the materials used during their creation. When acquired by a museum, special conservation attention must be provided. Finally, conservators regard quality storage space as a very significant aspect of their conservation programs. When some collections of prints and drawings are stored in inadequate spaces, conservators include them in their classification of items requiring treatment, until they can be relocated.

**AUTOMATION**

Mr. Yates. That is true of you, too, Mr. Reinhardt.

Mr. Reinhardt. I understand, sir.

Mr. Yates. Have we completed the Smithsonian Institution Library's cuts?

Mr. Perrot. The major ones are there, Mr. Chairman. Library and Automation.

Mr. Yates. What are you automating?

Mr. Perrot. We are placing the entire catalogue of Institution's libraries—first on machine-readable records and now on computers so that there is total access to our entire collection. This computerization involves not only the cataloguing aspects, but all aspects relating to library management which includes purchasing, loans, inter-library loans, acquisitions and so forth.

We will have a totally automated system which will be "state of the art" in keeping with what the Library of Congress and other major libraries in the country have been doing. Funding of $275,000 is included in our budget request toward this purpose.

**FACILITIES SERVICES BUDGET REQUEST REDUCTION**

Mr. Yates. Thank you. What made up the reduction in facilities services? That went from $48 million to $44 million.

Mr. Ripley. Mr. Peyton can speak to that.

Mr. Peyton. If I could approach this in order of importance, Mr. Chairman, I would like to answer the question that way.

Mr. Yates. Which order?

Mr. Peyton. The most important first.

Mr. Yates. Okay.

Mr. Peyton. Included in our request to OMB, there was a request for 48 guard positions and $720,000. Forty-eight guard positions represented our most urgent increment of our current assessed shortage; which totals approximately 115 guards.

That represents about 20 percent of our total guard strength.
Mr. Yates. Guards are not in short supply like conservators, are they?
Mr. Peyton. No, sir. They are not, but good guards are.
Mr. Yates. Sure. Good people always are.
Mr. Peyton. Falling outside of the target, we also had a request for $1,000,000 to—
Mr. Yates. Was that request cut?
Mr. Peyton. Yes, sir.
Mr. Yates. How much of it was cut? You requested how much for guards?
Mr. Peyton. 48 positions and $720,000.
Then we also had a request for $1,000,000 above target in the protection area. These funds were to give us an increment in fiscal year 1984 for the program we started last year in trying to correct a number of deficiencies in our security equipment throughout the Institution.

Last year we were given $1,700,000. This year we sent in over target $1,000,000. We have in our present budget, which you have before you, $480,000 within target, which we were able to submit.
Mr. Yates. What did you lose then?
Mr. Peyton. Well, we lost in this process $1,720,000.
Mr. Yates. Representing how many guards?
Mr. Peyton. 48 guards and $720,000 and $1,000,000 for correcting obsolete sensing devices, adding additional locks, closed circuit television cameras and that type of equipment.
Mr. Yates. Why did they cut it out? Did they tell you?
Mr. Peyton. I don’t believe I recall that.
Mr. Jameson or Mr. Yellin.
Mr. Yellin. I think the main reason they eliminated that was because of their difficulty in granting new positions to the Institution. They did grant us new positions for the Museum Support Center, but not for guards.

GUARD SHORTAGE
Mr. Yates. How important are these guards?
Mr. Peyton. Well, in our opinion they are necessary. By not having them, it extends the risk.
Mr. Yates. Mr. Peyton, are these funds in addition to those, to the guards we added last year?
Mr. Peyton. Yes, sir, they are.
Mr. Yates. The amount we gave you last year wasn’t adequate?
Mr. Peyton. Well, we——
Mr. Yates. All right. Say yes or no.
Mr. Peyton. You gave us the amount of money we asked for last year.
Mr. Yates. I know we did. Yes.
Mr. Peyton. That was the amount of money——
Mr. Yates. That was inadequate?
Mr. Peyton [continuing]. That we were able to ask for under the budget——
Mr. Yates. Well, what do you do without the guards?
Mr. Peyton. We extend the risk in the security area.
Mr. Hughes. We have found it difficult, Mr. Chairman, to communicate our problems to OMB in justifying additional guard positions. Their questions are how much vandalism do you have? How much have you lost that is new, and in the absence of something shocking in that regard, something significant, they are not easily impressed for reasons that I guess all of us can understand. It has been difficult to prove to them that increments in guard strength were necessary. It was difficult last year. That is why we only asked for the number we did last year and again this year. We have the same kind of problem. It is very hard to explain why one less guard or ten less, for that matter, makes a difference.

Mr. Yates. But are there standards of protection, for example? What about the Metropolitan Museum of Art in New York? They have so many guards for protecting their exhibits. How does your guard personnel compare with theirs?

Mr. Peyton. There are no standards of the type for which I think you are searching. What actually happens is that a trained, specialized security person must visit the site or museum, make an analysis of what a guard can cover in the physical space available. The degree of risk is an important factor.

Mr. Yates. Do you have this done by a trained security expert?

Mr. Peyton. Yes, we certainly did.

Mr. Yates. Knowledge to be an expert in the field? I mean, was it you?

Mr. Hughes. The answer is yes.

Mr. Yates. Oh, you hire an outside person to do it?

Mr. Hughes. Yes.

Mr. Ripley. We have.

Mr. Hughes. Both inside and out.

Mr. Yates. They established certain standards and OMB wouldn’t accept them because they said you were doing a pretty good job now, why not take a chance?

Mr. Ripley. Our authority is here, Colonel Burke.

Colonel Burke. How are you, sir.

Mr. Yates. How are you, Colonel Burke?

Colonel Burke. We have had outside security experts come in to conduct surveys for us. In addition we ourselves conduct quarterly surveys because the museums, their exhibits, and the value of exhibits are constantly changing.

We are now, according to the American Association of Museums, 115 guards short of what they recognize as the need for an institution like the Smithsonian.

I am short of 48 very critical guards. This year we asked for the 48 positions that we feel are most critical of the 115 that we are short.

Mr. Yates. And were turned down?

Colonel Burke. Yes, sir.

Mr. Yates. Have you asked for it in the supplemental?

Mr. Jameson. No, sir.

Mr. Yates. Why have you not?

Mr. Jameson. In my view, we made a very strong argument to OMB repeatedly for security throughout the budget cycle and for the reasons Mr. Hughes mentioned, because of our inability to
show cataclysmic damage, loss, or vandalism, and because of OMB's overriding hesitancy to add personnel to our, and I presume other agency work forces, we struck out.

**CONTRACT SECURITY**

Mr. Yates. Does OMB recommend that instead of having in-house guard personnel you hire some private company to do it?

Mr. Jameson. We are beginning to use contract security for floor guards. These are the public-view-type guards at the Cooper-Hewitt. At this point it is an experiment to test the adequacy of security and the relative costs. If this experiment pays off, which we started last November 1st, as I recall, I think it is possible that we could extend the use of contract security into other museum exhibit spaces.

Mr. Yates. How does it compare in cost with in-house guards?

Mr. Jameson. The experiment now with Cooper-Hewitt shows it is slightly more expensive than GS-4's or 5's on an hourly basis.

Mr. Ripley. I suspect Colonel Burke would agree that it is less effective to go outside. It is better to build up your own guard force. They are more responsible. They are more responsive to the situation, and they don't necessarily cost as much. I mean the whole thing is a reverse way of trying to solve the patch situation. From my perspective, Mr. Chairman, since I have been here, we have never been granted a sufficiency of guards.

It is one of the leading ulcers in the Smithsonian. We have never had the right kind of service or the right amount of quality in terms of the pay scale. Other museums, even other institutions in the city, like the National Gallery, have always had an advantage over the Smithsonian itself in the number of guards and the categories that they could pay them in.

**ALTERNATIVES TO THE SHORTAGE OF GUARDS**

Mr. Yates. What do you do? Just patrol them, the museums, with an inadequate number of guards?

Mr. Ripley. We make do.

Mr. Yates. Colonel?

Colonel Burke. Sir, we just take the risk. We take one person and require him to do the job of two people. Instead of patrolling the gem hall, he gets a job of patrolling the gem hall and the jade hall and the Indian hall. We try to keep the museums open to the public, making sure that management understands the risk we are taking with the shortage of guards.

When there is a shortage of guards, there is a great need to get better electronic equipment to increase electronic surveillance to assist guards. That is one of the reasons that we have initiated a program, to upgrade our electronic systems.

As you know, we were cut on that this year, also.

Mr. Yates. This year means what? 1983 or 1984?

Mr. Yellin. 1984, fiscal year.

Mr. Yates. Well, your employment request indicates the bureau request to you was cut by 219 personnel. Your request to OMB of a lesser amount was cut by an additional 53. Are most of the 53 for guards?
Mr. Yellin. Yes, 48 of them are guards.

Mr. Yates. Now that we know the story, what can we do to help you? How much money do you need for equipment? Do you want to put that breakdown into the record?

Mr. Peyton. Yes, sir.

Mr. Yates. Provide us with the breakdown.

[The information follows:]

### Security Equipment Upgrade Program

In June 1981, following a comprehensive study of security conditions at all museums and facilities, the Smithsonian Institution established a special security upgrade program to correct deficiencies and modernize obsolete equipment. The FY 1984 budget to OMB contained a request for $1,480,000 for the second increment of security upgrading; OMB allowed an amount of $480,000. The $1,000,000 that was not allowed was planned to cover several key items, specifically:

(a) Extending the proprietary alarm system into the Museum of American History. This is the second phase of the program to modernize our security command, control and monitoring system and to relieve the Institution of dependency on a single commercial alarm company.

(b) Upgrading security of 330 exhibits cases.

(c) Providing intrusion detection in collection storage areas and in safes containing precious metals.

(d) Completing electronic card reader access control systems to high value collections in five buildings.

(e) Accelerating the program to provide closed-circuit television systems to monitor exhibits, high security collections, reference and laboratory areas, and interior and exterior pedestrian movement in critical and high crime areas.

(f) Rezoning large security zones into manageable monitoring entities in two museums.

Subsequent year budget requests are anticipated to include funds to complete the security upgrading program.

### OFFICE OF PLANT SERVICES BUDGET REQUEST REDUCTION

Mr. Peyton. The other major components of the facility service not recognized by OMB, is $964,000 for the Office of Plant Services. This is in two components. $300,000 for base shortage of supplies and $664,000 which will be used for augmenting our in-house trades men and mechanics for contractual type services, and for maintenance-type projects such as painting.

### PROGRAM SUPPLEMENTAL

Mr. Yates. I am not sure I fully understood your reply, Mr. Jameson, when I asked you why you didn’t apply for a supplemental. As I understood, you said you had done it so many times before OMB that you got tired of it?

Mr. Jameson. By no means. We never tire of arguing the case before the OMB, and in general we get good treatment.

Mr. Yates. You always argue and argue.

Mr. Jameson. For 1983, we were unsuccessful in getting a pay cost supplemental at more than 50 percent which exacerbates, if you will, the security problem, because there are less dollars available to Bob Burke to take advantage of the work-year ceiling that he has.

Mr. Yates. You still haven’t answered my question as to why you didn’t apply for a supplemental.
Mr. Jameson. We knew it would be unsuccessful based on almost the simultaneous argument and presentations on security we were giving to OMB for fiscal year 1984. There was absolutely no chance OMB would have put security into the supplemental.

Mr. Yates. Why didn't you as a matter of form do it?

Mr. Jameson. Perhaps we should have. But the two actions, the actions on the President's allowance for the 1984 budget and action on the pay supplemental were happening simultaneously and there seemed to us, I think, no chance of success.

Mr. Yates. Well, if you had decided you should file a supplemental, what would it be for, just the guards and that equipment, or would there be other items as well?

Mr. Jameson. The guards are the most critical.

Mr. Yates. Would you present that to the committee, please?

Mr. Jameson. Yes, sir.

Mr. Yates. What those needs are.

Mr. Jameson. Yes, sir.

Mr. Yates. Oh, you have to send that to OMB for response, don't you?

Mr. Hughes. Indeed we do. We have two sets of relationships we try very hard to keep in mind.

Mr. Yates. Can you send us a copy while it is going through OMB?

Mr. Jameson. Just as long as we are in a position of saying you asked for it, Mr. Chairman, and you have.

[Committee note: Copy of program supplemental is being retained in the committee's files.]

HOLOCAUST MEMORIAL TOURING EXHIBITION

Mr. Yates. I have asked for it. The Holocaust Memorial Council is trying to arrange a touring exhibition of material from Czechoslovakia. What is the status of that exhibition? I know they have approached the Smithsonian.

Mr. Ripley. Paul, do you have an update on that?

Mr. Perrot. Mr. Chairman, as you know, the council has undertaken to raise the funds privately for this exhibition. I am glad to report $600,000 has been raised to date on an estimated budget of $1.4 million. The exhibition will travel throughout the United States. We are now awaiting word from the Czech authorities concerning steps that need to be taken to make the final selection, photograph the objects and prepare the catalog. We expect to hear from Prague in the coming days or weeks. Indeed, we are pressing for this since time is ticking and we do have a schedule.

Mr. Yates. When will that take place according to the schedule?

Mr. Perrot. The opening is scheduled for October 15th this year.

Mr. Yates. So you are working with them and they are happy and you are happy. You won't go that far, will you?

Mr. Perrot. I would, Mr. Chairman.

CRIME INVESTIGATION AT THE MUSEUM

Mr. Yates. An article in the Baltimore Sun talked about the Smithsonian anthropological staff as a crime investigator. Also The
Washington Post talked about the Smithsonian’s Sherlock of Bones, Mr. Angel. Right? Is Mr. Angel here? Sherlock?

Mr. Ripley. Larry Angel is partially retired, Mr. Chairman. He was our principal bone authority.

Mr. Yates. Who is your new Sherlock?
Mr. Ripley. Doug Ubelaker, I think.
Mr. Yates. Is he here?

Mr. Ripley. No. The director of the museum is here, who is a vulcanologist. Will that do, Mr. Chairman?

Mr. Fiske. Mr. Chairman, we have two bone specialists and they have divided up the turf, so to speak. Cases related to FBI are delegated to Dr. Ubelaker. Cases related to State and local officials are channeled to Dr. Angel.

Mr. Yates. He still works for you then?
Mr. Fiske. Yes, sir. He is still one of us.

Mr. Yates. How often are you or your staff requested to give expert advice on crime detection?

Mr. Fiske. It happens quite frequently. The FBI and other local authorities bring materials in. Our people look upon this not as a chore, but very much as a window into new specimens, into traumas that have occurred to people. It is valuable for us and it is valuable for the law enforcement agencies.

Mr. Yates. Are you compensated in any way by the law enforcement agencies?

Mr. Fiske. No, sir.
Mr. Yates. Do you pay them?
Do you provide services to insurance companies by any chance?
Mr. Fiske. No, sir, not that I am aware of.

PAY SUPPLEMENTAL

Mr. Yates. All right. You have a supplemental pending, haven’t you, for $2,390,000?

Mr. Yellin. Yes, sir.

Mr. Yates. Will that be adequate to cover your pay needs?

Mr. Jameson. Mr. Chairman, it is approximately 50 percent of the estimate.

Mr. Yates. Where are you going to take the rest from?

Mr. Yellin. We have four measures we are going to be compelled to take, Mr. Chairman. The first would be to delay hiring dates of people.

Mr. Yates. How often will that cripple your operations?

Mr. Yellin. Well, it hurts. It hurts everybody across the board. It is about 30 staff years of employment on a yearly basis, and would result in savings of about $700,000.

Mr. Yates. Thirty staff years on a yearly basis. Go ahead.

Mr. Yellin. The second area would be to curtail summer hours. We will save $300,000 by that curtailment.

Mr. Yates. Is this the evening hours you are talking about?

Mr. Yellin. Yes, sir.

Mr. Yates. Will you be open during evening hours?

Mr. Hughes. We will be open until 7:30 instead of 9:30.
Mr. Yates. All right.

Mr. Yellin. We have had a milder winter than anticipated, and we can anticipate utilities savings of about $600,000 at this time. The balance is about $800,000 and would have to be made up from other objects of expenditure, also across the board at all our museums. That would represent about 3 percent of our availability for other objects.

Mr. Yates. What are you going to have to defer? Are you going to have to defer maintenance?

Mr. Yellin. Some maintenance, purchases of scientific equipment.

Mr. Yates. How much maintenance will you defer? Would Mr. Peyton—do you tell him how much to defer, or does he tell you? I have been pushing about this, keeping the buildings in repair.

Mr. Yellin. It is a question of leasing equipment instead of purchasing.

Mr. Yates. Do you save money that way?

Mr. Yellin. No, in the long run I am told it is more costly to do it that way. It would be better to purchase office equipment and maintenance equipment on a regular replacement cycle rather than deferring it as we have to do by these kinds of delays. There are delays of publications as well.

Mr. Yates. Which of these many items won’t hurt you?

Mr. Yellin. Well, I believe all of the items hurt.

Mr. Yates. How many of the items will hurt the public? Will all this hurt the exhibitions? Or does this just hurt your employees?

Mr. Yellin. From what I am told from surveying museums, there won’t be an immediate effect on the exhibition schedule.

Mr. Yates. No immediate effect. What about a subsequent effect?

Mr. Yellin. At the Hirshhorn, they have had to curtail their loan schedules from four loan exhibitions a year to three, and substitute one of those with an exhibition from their own collections. This is satisfactory on the short run but in the long run there would be a shortage of subject matter and it would be more advantageous to continue the regular four-loan-a-year schedule program.

Mr. Yates. Why is that, Mr. Lerner?

Mr. Lerner. Well, the cost of the exhibitions, as you know, is always mounting. Cost of insurance is mounting. We can always reduce the number of exhibitions I suppose. But by reducing them, I guess we are reducing the public’s benefit from the exhibitions we generally promote.

INDEMNIFICATION IN LOCAL EXHIBITIONS

Mr. Yates. Rather than paying cost of insurance, why wouldn’t it be good to expand the indemnity program to cover domestic exhibitions? Would that be helpful?

Mr. Ripley. It would.

Mr. Yates. What do your insurance costs amount to a year for your shows? Does anybody know? Mr. Perrot?

Mr. Perrot. Mr. Chairman, I do not have the figure in mind, but I could make a comment on the problems of indemnification in local exhibitions. The costs of doing so might not offset the benefits to be had. Many exhibitions circulated nationally are small. The in-
demnification process requires application a year or more ahead of
time.

Mr. Yates. Oh, does it?

Mr. Perrot. Very careful review and fixed schedule for the exhibi-
tions. So for the kinds of exhibitions organized, for example, by
SITES on a regular basis and the ad hoc exhibitions organized by
our colleagues, one to one, the complexity of establishing a whole
new machinery within the Federal apparatus doesn’t seem to be
appropriate. In addition to that, opposition from the insurance in-
dustry could be expected and there might be some fall-outs in the
rates the insurance carriers charge for other aspects of museum
coverage.

So until now it seems practical not to push for the indemnifica-
tion of internal exhibitions. However, this is under study. I think
the State of Ohio is planning a statewide indemnification system
and the State of Florida already has one in effect, in theory at
least. I do not have reports on how it is operating, since it just
started. I could elaborate on this if you would like.

MUSEUM SUPPORT CENTER

Mr. Yates. Will your relocation of programs and staff from the
Mall museums to the Museum Support Center free up any space in
the Mall museums to house employees now located in rented space
at 1111 North Capitol Street and L’Enfant Plaza?

Mr. Perrot. We are committed to free 40,000 square feet at the
Museum of Natural History and restore this to public exhibitions.
It is going to be some years before the Support Center is filled with
the collections originally intended to go there. In the interim, ac-
commodations will be made for some of the museums that have the
most serious problems. For example, it is possible that parts of the
Sackler collection might go to the Center. All this is being studied.

My superior and senior to the right would like to comment.

Mr. Yates. He hasn’t commented but he has indicated some feel-
ings about it. What is the answer to the question? Will it free up
any employees?

Mr. Hughes. Yes, sir. I think it will free up space. The question
is how much. We have been going through and are still going through
a rather extensive review of space requirements particularly in the
Museum of Natural History, but also American History, the two
museums most affected by the Support Center. We are attempting to
use whatever space is freed for highest and best use, you might say.
There is, I think, a still constructive but continuing tussle going on
over this, over the extent to which the freed space within Natural
History should be used to spread the research collections. There are
perfectly good reasons why there should not be a net gain from all the
items moved from there out to the Support Center.

But we are looking rather closely at the plans to relocate items
both within the Museum and from the Museum and Support
Center to make the best possible use of that space. I am confident
we will be able to save some space for administrative and probably
other purposes. But just what the total amount of it is going to be I
don’t know. There is, as Mr. Perrot mentioned, an entire hall of
public space in Natural History which has been utilized for entomology, and that space when freed up we are committed to restore to public use. So this will involve a set of moves over the period of the next several years, the net of which we aren’t sure of yet.

But we are looking rather carefully because we are aware of the acquisitive instincts of curators and the tendency of all of us to squirrel away space as we get a chance.

**REFUSING COLLECTIONS**

Mr. Yates. How acquisitive is the Smithsonian itself these days? Have you been turning down any requests or collections?

Mr. Hughes. I can think of a couple. The Arboretum, for example.

Mr. Yates. Back—you mean over in Maryland. You turned that down?

Mr. Hughes. Yes. The Department of Agriculture.

Mr. Yates. What about collections? You haven’t been turning down items like Archie Bunker’s chair?

Mr. Ripley. No, Mr. Chairman. The Air and Space Museum has had to turn down several large objects, I believe. Mr. Boyne is here.

Mr. Boyne. Yes, Mr. Chairman, we turn down far more than we accept. We are faced more with the problem of tactfully refusing than with accepting.

Mr. Yates. What is offered to you?

Mr. Boyne. Almost anything, from aircraft that are significant to an individual because he has flown them—we were recently offered one by a member of the Supreme Court.

Mr. Yates. The chancellor?

Mr. Boyne. No, sir; another gentleman. We find unless it has technical or historical significance that we don’t wish to accept it because we do have a space problem. There are such things of such importance we won’t be able to refuse them; for example, the space shuttle when it comes.

Mr. Yates. It has broken down so much they are just about ready to give it to you.

Thank you.

Mr. Ripley. Mr. Fiske, I know, turns down things.

Mr. Fiske. From the standpoint of natural history there are forces external to the Smithsonian that are operating that cause great problems. This consists of cutbacks in funding to universities and to other institutions for the care of their natural history collections. So there is a continuing pressure on us to receive whole collections from other institutions.

Mr. Yates. That is what I am talking about.

Mr. Fiske. We turn these down regularly because the load that is placed upon us is too much to bear.

Mr. Yates. When they offer to turn them over to you, is it on a basis that they keep them and you pay the expenses, or do they just want to get rid of them themselves?

Mr. Fiske. They want to get rid of them. They turn them over to us and their care would be our responsibility. In invertebrate zoology, for example, there is a collection at Southern California that is being surplused that we cannot accommodate.
Mr. Yates. What is the nature of the entomological collection?

Mr. Fiske. In almost any part of the insect world, there are collections both at universities and private collections. The era of the large and important private collection seems to be diminishing, and people are turning to us. We are forced to be very, very selective, so we turn down many more collections than we are able to accept.

Mr. Yates. Thank you.

Mr. Perrot. I once heard the figure, Mr. Chairman, that we turned down between three-quarters and 90 percent of the things offered.

Mr. Yates. What is offered you besides ancient airplanes—

Mr. Perrot. Aunt Mini’s Teacups.

Mr. Yates. You mean Mr. Kennedy turned down some teacups of some kind? What do you turn down, Mr. Kennedy?

Mr. Kennedy. Mr. Chairman, we turn down collections many times a week. Small numbers of items we don’t think belong in the national collections. We have a Collections Committee of curators who decide whether we want more such things as trains or more stamps or more coins. We avoid surplusage and avoid items that aren’t of primary—

Mr. Yates. Like Rodney Dangerfield’s white shirt and red tie?

Mr. Kennedy. We accept things that illustrate matters of continuing importance in American popular entertainment at one time or another. We have to apply some judgment as to what may seem trivial today, for example. Words and lyrics of songs of 1810 may not have seemed altogether somber and significant at that time but are now very important parts of the national collection. Even jokes, written and visual jokes such as cartoons are significant.

Mr. Yates. I am sure Members of Congress would like those.

Mr. Kennedy. They would. That is how we learn about ourselves. That is exactly why Archie Bunker’s chair is in the national collection. It is a place where he told jokes that told us a lot about ourselves at that time. It is a place where history expressed itself significantly though it occurred in a broadly understood format.

Mr. Yates. Well, you are a man of good judgment, Mr. Kennedy, but I am not certain you don’t err on occasion.

Mr. Kennedy. I am certain we do, Mr. Chairman. Let me express again, if I may, though, the continuing importance of humor and humorists as social historians. They have always been so since the Middle Ages. The jester was a significant figure in the court of a king. He told the king the truth. Sometimes the cartoonist or humorist tells even a political figure the truth when others may fear to do so.

Mr. Yates. That is true. They are usually right. Especially today. Well, what have you turned down?

Mr. Kennedy. I am sure if it were an additional teacup—we do turn it down, for example, things in the field of stamps or large machines. This week I recall writing a letter saying we are very sorry that the machine you offer us, while it is very interesting—it happened to be an automobile—is one we have got two of and we don’t want any more. We turned down a train not long ago. Sheets of stamps, furniture in surplus, musical instruments of which we have existing examples.
We rarely turn something down because it is going to be tough to take care of if it is significant, though of course we add every year to the kind of curatorial problems Mr. Perrot was talking about before.

SPACE CONSTRAINTS

Mr. Yates. Your walls are bulging, though, aren't they?
Mr. Kennedy. Yes. And the outdoors beyond the walls where we have a lot of things that shouldn't be out of doors are—those storage areas out of doors are also full. We have machines that ought to be undercover. That is one of the reasons for the Support Center as well.

Mr. Yates. Can you give us an example?
Mr. Kennedy. It is best done by visually examining these objects as some of them can be seen at Silver Hill or elsewhere.

Mr. Yates. What are they under? Are they under tarpaulins?
Mr. Kennedy. In every case that we can we cover these large objects, but in some cases they are outside. Bits of bridges. Bits of architectural ornaments must remain outside, decomposing slowly, but decomposing over time. Some of them shouldn't be out there.

Mr. Yates. You better tell Mr. Perrot to speed up his building, hadn't you?
Mr. Perrot. Is that an instruction to start on a second building? That was off the record, Mr. Chairman.

Mr. Yates. I thought the committee had given you an additional amount of money for additional space, but we already knew it would be obsolete at that time.

Mr. Ratchford. That was last night's award, Mr. Chairman.
Mr. Yates. How are you, Bill? Were you there last night?
Mr. Ratchford. I certainly read about it. It sounded like a grand evening. I was wondering if your "tux" of the evening was an item that might qualify for——

Mr. Yates. I doubt it. It is ready for it but I doubt they would take it. It is ancient enough. Okay. Anybody offering you any collections of beautiful paintings or ancient musical instruments or anything like that?

Mr. Kennedy. Yes, beautiful paintings, if that includes drawings and things like that by extension, yes. I assume the art bureaus make judgments——

Mr. Yates. You have an art bureau?
Mr. Kennedy. Those bureaus that fall under art as well as those that fall under history.

COLLECTIONS COMMITTEE

Mr. Yates. Oh. How do you decide what to take? Are you the boss on what you take?
Mr. Kennedy. Ultimately I am the boss, I suppose. But I would be an even greater fool than usual if I didn't depend upon curators who are trained for those purposes, of which we have 30 or so. They have a committee which meets regularly and they spar with each other pretty actively about what makes it and what does not because there are storage and conservation questions.

Mr. Yates. I should imagine so.
Mr. Kennedy. Those are lively sessions.

VASTNESS OF COLLECTION

Mr. Yates. As I remember the figure given to me at the time I proposed that the Smithsonian take an inventory, the number of objects you had including the entomological specimens of course were something like 75 million.

Mr. Hughes. Some of those objects, Mr. Chairman, are baskets full of things, too.

Mr. Yates. Those are the shards.

Mr. Hughes. And trays full of insects.

Mr. Yates. Anybody ever look at those insects?

Mr. Hughes. Yes, sir. And the shards, too.

Mr. Perrot. The real question is not so much what we turned down as the things we should have taken, things in the biota that are going to disappear in the next 50 years.

Mr. Yates. Such as what?

Mr. Perrot. Such as things from tropical forests, of which less than a quarter have been identified. Nobody has had the opportunity to collect, study and interpret what these materials are. So there is this responsibility to add. We now have mechanisms of review in the entire Institution to make sure we are not acquiring things that are duplicates but rather that are going to increase the national treasure.

Mr. Yates. I think that is a worthy statement.

Mr. Hughes. You can see why it is tough to find administrative space in the Museum of Natural History.

SOUTHWEST WASHINGTON PROPERTY

Mr. Yates. Yes, I can. Tell us about the eight acre parcel of land you want to buy in Southwest Washington.

Mr. Peyton. We don’t want to buy it. That is the problem.

Mr. Yates. Why do you want it given to you?

Mr. Peyton. Mr. Chairman—inability to continue with the lease at 1111 North Capitol Street. That area of the city is one which seems to be emerging economically. Recently land was sold there at $80 a square foot, unimproved land. The present owners have changed since we first leased the property, the owners now are developers and in our discussions with them have indicated a long range change in the property use.

Mr. Yates. How many feet do you lease there?

Mr. Peyton. Approximately 167,000.

Mr. Yates. That is big, isn’t it?

Mr. Peyton. Yes, sir.

Mr. Yates. How long a lease do you have?

Mr. Peyton. We have negotiated a lease through 1989. The location of the property is very significant——

Mr. Yates. Is that pure storage?

Mr. Peyton. Some office space and light industrial space. Occupants include the organization that does all the exhibit preparation work, for example, for those bureaus that don’t have their own exhibit staff. There are shops that do silk screening, plastic work,
manufacture of models and handling of mannequins, all of that type of activity.

Mr. Yates. Will you be continuing this at 1111 North Capitol or will this kind of operation be moved to Mr. Perrot's building?

Mr. Peyton. Not to Mr. Perrot's building, which as you have already heard, I believe, there are two major components of that building. One is the storage of artifacts, the other is the conduct of research and conservation-type training; that will pretty much take up the entire building. Getting back to the need for the property that was the subject of an article in the paper, being aware we will probably have to make a change in time, we have been on the lookout for a site that would be equally close to the Mall.

The primary focus is in supporting the Mall museums. When the General Services Administration announced the availability of this property adjacent to Fort McNair it seemed to us that this might be a good location for eventual replacement of the leased property. We would envision coming in with an authorization request for construction of the replacement for 1111 North Capitol.

Mr. Yates. Why would you not add to the Suitland property rather than worrying about it here? You have enough space at Suitland, haven't you?

Mr. Peyton. Two reasons. Number one I have already alluded to. The activities at 1111 North Capitol are in close support of the activities on the Mall. This involves transportation of exhibit materials, for example, from Exhibit Central to the Mall museums. There is quite a bit of movement back and forth between the Mall museums and 1111 North Capitol. Some of Mrs. Loar's activities are oriented there. The other reason is that sometime after the turn of the century the Smithsonian will need to add additional museum support type centers at Suitland. That tract of approximately 100 acres will be used in its entirety with support center activities. All Air and Space Museum facilities out there are in prefabricated metal buildings which for interim use are all right. However, they are not very well insulated and are very inefficient to heat or air condition. Eventually those will have to be replaced.

SUITLAND FACILITY

Temporary buildings containing Mr. Kennedy's collection of items are also inferior. We do our best to keep them patched up and waterproofed. Most are lined with asbestos which has been a problem for us.

Mr. Yates. Why do you use asbestos?

Mr. Peyton. At the time the buildings were built, which I believe was in the 1950's, the carcinogenic effect of asbestos was not known. Asbestos was used to line the buildings for insulation purposes. So we would prefer not to locate a Mall service center facility that far from the Mall. We have, incidentally, been informed by OMB that they don't intend to give us the property, and—

Mr. Yates. They don't intend to give you what property, Southwest Washington?

Mr. Peyton. The property you originally asked about.

Mr. Yates. They don't intend. OMB will not give you the money to buy it?
Mr. Peyton. That is correct. It is Federal property.

**COST OF SOUTHWEST WASHINGTON PROPERTY**

Mr. Yates. It is? How much money is involved?
Mr. Peyton. It is a confidential figure.
Mr. Yates. Oh. Okay. The newspaper confidentially says $5 to $7 million.
Mr. Peyton. That is not the correct figure.
Mr. Yates. All right.
Mr. Peyton. The policy imposed by the current Administration last summer instituted the practice of requiring Federal agencies who claim property off of the excess list to pay the estimated fair market value of the property. That was part of the issue involved in this particular case.
Mr. Yates. Where are you going to put stored building materials?
Mr. Peyton. That will be the responsibility of the Quadrangle contractor.
Mr. Yates. So you don’t have to worry about that?
Mr. Peyton. If we had that property we could offer its use. That would reduce the eventual cost to the government.

**FUNDING OF ASSISTANT SECRETARIES**

Mr. Yates. For the record, how many assistant secretaries are funded from private funds, and how many are funded for appropriated funds?
Mr. Ripley. I think we can put that in the record.
Mr. Yates. Do you know offhand?
Mr. Ripley. I don’t know offhand.
Mr. Yates. Does Mr. Jameson know?
Mr. Jameson. There are two acting assistant secretaries supported with trust funds at this point.
Mr. Yates. Mr. Blitzer used to be, wasn’t he?
Mr. Jameson. Yes, sir.
Mr. Yates. I think he was the only one.
Mr. Jameson. Yes, sir.
Mr. Yates. You are expanding that now.
Mr. Jameson. Just on a temporary basis.

**STAFF OF CENTER FOR THE STUDY OF MAN**

Mr. Yates. Was the staff of the Museum of Man retained?
Mr. Hughes. The Center for the Study of Man—you will recall the action the committee took. The staff by and large have been retained but not all of them. Some of the staff of the Human Studies Film Center have not been retained. Three or four.

**OBJECTS LOANED TO THE WINSTON COMPANY**

Mr. Yates. You explained the loan of the Hope Diamond to the Winston firm. And I think the explanation was comprehensive. Are other materials, than those previously obtained from the Winston Company, loaned to the Winston firm?
Mr. Ripley. No.
Mr. Hughes. I am not aware of any.
Mr. Yates. Are Smithsonian jewels loaned to other commercial firms?
Mr. Ripley. No.
Mr. Yates. Were there any costs that Smithsonian paid for in connection with the loan to the—
Mr. Hughes. No.
Mr. Ripley. No. It was at their request. They paid the price.

TUITION GRANTS

Mr. Yates. Unrestricted and general purpose funds, tuition grants from local universities. What are they, tuition grants from local universities?
Mr. Ripley. I think Mrs. Ellsworth will explain this.
Ms. Ellsworth. Yes, I am here, Mr. Chairman.
Mr. Yates. Hi, Mrs. Ellsworth.
Ms. Ellsworth. How do you do. Under formal agreements with George Washington University and also Smith College in Northampton the Smithsonian staff teach some courses. The universities supply to the Smithsonian half the tuition that is paid by the students for the courses that are taken and taught by Smithsonian staff.
Mr. Yates. How much is involved?
Ms. Ellsworth. I believe it is on the order of $40,000 a year total. Funds are supplied for programs for the bureaus where the staff instructors are from.

MULTIPLE MIRROR TELESCOPE

Mr. Yates. When is the resolution of the MMT going to be completed?
Mr. Challinor. Mr. Chairman, with the money that we got in fiscal year 1983, $425,000, we propose to repolish each of the six mirrors. We anticipate doing about two mirrors each year, which would mean roughly in three years we would have all six mirrors back in operation.
Mr. Yates. Why do you have to repolish them?
Mr. Challinor. The stability of the atmosphere at the site where the telescope was located turned out to be so good that the limiting factor on image clarity, which is normally the atmosphere over the site, turned out instead to be the mirrors. When these mirrors are reground to even finer tolerances than they are now, we expect the MMT to have an image clarity that at times will be equivalent to what will be achievable with the space telescope. Dr. Shapiro, the Director of the Smithsonian Astrophysical Observatory is here and could answer in more detail but I think what I said is correct.
Mr. Shapiro. Everything David said was correct except there is one additional remark I would like to make. There is a seventh mirror blank that we want to grind and polish, so that at all times while the repolishing is going on we will have a full instrument with which to carry on observations. So we do the seventh first, then we take one of the six, take it out, put in the seventh, and so forth, so that we always have six mirrors in place for observation.
Mr. Yates. This is an Arizona telescope, isn’t it?
Mr. Shapiro. That is right.
Mr. Yates. How much more money than the $425,000 will you need to acquire the full resolution of what you want to do?
Mr. Shapiro. There are many complications to a telescope. The problem we are addressing with the repolishing and refiguring is to make the mirrors, as Dr. Challinor said, not the limiting factor on the clarity of the image that we can get. The next step after that will be somewhat technical. But to collect the light from each of the six mirrors coherently rather than as we do now, incoherently. These words are technical and may not mean much to you. But use of the technique I refer to would improve the resolution of the telescope. Thus, by combining the light from each mirror properly, we could achieve higher resolution than with any other telescope in the world.

Mr. Yates. In your five year prospectus of the Smithsonian Institution you say, page 20, the MMT is almost fully operational. Being used 80 percent or more for scientific observations. And should be fully utilized by the end of fiscal year 1983. Are you going to get more than 80 percent?
Mr. Shapiro. There is a distinction here between being operational and being the best instrument you can get. In other words, a car can be operational. You use it. But on the other hand if you tune it up, you can get more miles per gallon. But it is still operational.

Mr. Yates. You are tuning this up?
Mr. Shapiro. That is correct.
Mr. Yates. How much more money are you going to need to tune it up? Tune-ups are expensive these days.
Mr. Shapiro. I understand. That is why we do our own. In all seriousness, we can do more and better science by improving the telescope. And there are many things we know how to do now which will improve the telescope. As technology advances, we can improve the instrumentation and get more science out of the telescope per unit of time.

Mr. Yates. Are you better off with this telescope, or were you better off with the radio beam?
Mr. Shapiro. Well, they do complementary things and we, in fact, make use of both radio telescopes and optical telescopes.
Mr. Yates. How far can you see out with your telescope?
Mr. Shapiro. That is a difficult question to answer but something of the order of four or five billion light-years. In other words, we can see objects from which the light left four or five billion years ago.

Mr. Yates. That is pretty good. Was it at your telescope site where the new night watchman came in and saw one of your experts sighting along the scope and saw a falling star out there? And the night watchman said, "Nice shot, sir."
Mr. Shapiro. I can't top that one.
Mr. Yates. How long is it going to take you to tune up?
Mr. Shapiro. What I tried to indicate: it is a never-ending process. For example, the 200-inch telescope——
Mr. Yates. Well, how old are you?
Mr. Shapiro. This is a tradition that gets passed from father to son.
Mr. Yates. Is younger Shapiro on the job, too?
Mr. Shapiro. No, but he is in training.
Mr. Yates. Well, how old is he?
Mr. Shapiro. He is 18.
Mr. Yates. I see. So it will be a long time tuning up then.
Mr. Shapiro. There are many telescopes that were built as long ago as 60 years that are still being improved. The Hale telescope, the 200-inch, which is the largest in the country, was finished in 1948 in the sense of being operational. But its instrumentation is still being improved today, 35 years later. The point is, there is enormous capital investment in an instrument like this, and it is very cost effective to improve the instrumentation.

COST TO DATE OF MMT

Mr. Yates. How much has this telescope cost us so far?
Mr. Shapiro. That is a question on which I will defer to David.
Mr. Challinor. We figure about $8 million to build it when it first started to be used about a year and a half ago. We will add, of course, $425,000 this year to bring it to even better quality than it is now. We have approximately a million dollars in our current operating base at the Astrophysical Observatory to operate and maintain the MMT. That has not been changed for quite a long period. We will try to keep up with inflation.

LAUNCH WINDOWS

Mr. Yates. The space people talk about being able to send their rockets through particular windows at particular times. Can you see those windows with your telescope? Or how do you know there is a window?
Mr. Shapiro. Those windows to which you refer are launch windows. They are windows in the time domain.
Mr. Yates. But out there. They have to send a rocket through a window, don't they?
Mr. Shapiro. They have to send——
Mr. Yates. There are other things I am more expert in.
Mr. Shapiro. The kind of launch windows you are talking about have to do with the spatial configuration usually of the planets and are based on wanting to reach a particular planet and save fuel.
Mr. Yates. I see.
Mr. Shapiro. To do it in the most cost effective way.
Mr. Yates. Do you cooperate with that kind of shot, or is this not within your area? Do you work with space people?
Mr. Shapiro. Yes.
Mr. Yates. Or are they way beyond you?
Mr. Shapiro. No, no, no. Not at all. We see much further than they can send their rockets.
Mr. Yates. Really.
Mr. Shapiro. Yes. I am fairly familiar with these techniques. If there is anything in particular you would like me to address.
Mr. Yates. I am talking about the window. I have never quite understood it. To not even a novice, to an unknowing person—when I first saw a space shot down at Cape Canaveral they talked about a window out there. They have to get this rocket through
that window, otherwise they have to wait for another favorable opportunity.

Mr. Shapiro. I believe I could explain it with a simple example.
Mr. Yates. All right.
Mr. Shapiro. Consider the planet Venus.
Mr. Yates. Okay.
Mr. Shapiro. Which moves in an orbit inside that of the Earth. That is, it is closer to the Sun. Suppose you want to send a spacecraft from the Earth to Venus. You would like to arrange it so it costs you the least to do that. So you would want to launch it from the Earth so it gets to Venus when Venus is on the same side of the Sun as the Earth is. If you wanted to launch at the time when it is on the other side of the Sun from the Earth, it is going to take a lot more fuel and a lot more time to get there. That is a simple example of why you choose a particular time to launch when the trajectory, the path——

Mr. Yates. Is that what is called a window?
Mr. Shapiro. That is right. That is a launch window. It means the period of time when it is most favorable energetically to launch. Sometimes you don’t have enough fuel to launch your instruments and rocket to get there if it were in an unfavorable position.

Mr. Yates. Is that where the phrase “window of vulnerability” came from?
Mr. Shapiro. That is slightly different. I could talk on that subject, too, if you like.

NEW TECHNOLOGY TELESCOPE

Mr. Yates. All right. New York Times, February 21st, last year, talks about a national new technology telescope. Are you in on that?

Mr. Challinor. We are on an informal basis, Mr. Chairman. As a result of the success of the MMT, which is the equivalent of about a 4.5 meter telescope the next step might be to develop a telescope several times larger, or one as large as a 15 meter telescope by using a series of mirrors in a configuration that may be different from the MMT. Our current participation is to determine the feasibility of a potential site on which to locate such a telescope.

One possibility is Mt. Graham, north and east of our telescope, where we have monitored for the last year humidity, temperature, degree of cloud cover and other meteorological information.

SAO LAB AND TEST EQUIPMENT

Mr. Yates. How long does Smithsonian contemplate it will take to replace the SAO lab and test equipment?
Mr. Challinor. At the current rate, we estimate, including computer equipment, that the replacement value is about $9 million. If we spend at the rate of $100,000 as requested in the 1984 budget it would take 90 years.
Mr. Yates. How old are you?
Mr. Challinor. Sixty-three.
Mr. Yates. What does that have to do—how does that bear upon your recommendation if it takes 90 years?

Mr. Challinor. That would be technically and mathematically the sequence we would have to follow.

Mr. Yates. Are you suggesting you should have more money for the project then?

Mr. Challinor. Yes.

Mr. Yates. Why didn’t you say so?

Mr. Challinor. You asked me how long first.

Mr. Yates. What would the realistic term be?

Mr. Challinor. I would say the vicinity of 10 to 15 years.

Mr. Yates. How much more money do you need if that is true?

Mr. Challinor. At that rate, instead of $105,000 we would need somewhere—

Mr. Shapiro. Over $600,000 a year.

Mr. Yates. He is the mathematician; isn’t he, Dr. Challinor?

Mr. Challinor. He is. Better than I.

Mr. Yates. Yes. Well, apparently this request is in the nature of your telescope. It has never fully been resolved. You start out asking for various items of general laboratory and test equipment, with a replacement value of about $2 million. Now you are including computers.

Mr. Challinor. Let me explain. There are three types of laboratory equipment: general laboratory test equipment, computer equipment, and other lab equipment. The general test equipment is what the Institution or the laboratory needs to develop proposals that we would submit to NASA.

Until about five years ago, NASA would allow the Smithsonian to use overhead on their grants to purchase this kind of equipment. Then this authority was cancelled, and the institutions were expected to pay for this equipment.

DOD has a budget of $150 million for universities to buy test equipment over a period of five years at $30 million a year. In the first year the request from universities was greater than $150 million. Unfortunately, the Smithsonian Astrophysical Observatory is not eligible for any of this $150 million from the Defense Department.

That is one reason why the Astrophysical Observatory is so far behind in acquiring test equipment. SAO has not had to budget this before, and this is the first year we have put this item into our budget.

[Committee note: Subsequent to the hearing the following material was provided at the request of the committee:]

1. What are the replacement costs for computer and for all other categories of laboratory equipment?
   - Computer—2.2 million dollars.
   - Other equipment—5.4 million dollars.¹

2. What is a reasonable estimate of the average lifetime of the equipment?
   - Computer—five (5) years.
   - Other equipment—ten (10) years.

3. What is the first year cost of replacement?
   - Computer—0.5 million dollars.

¹ A just completed SAO-wide survey indicates that some pieces of equipment in our 3,902-item inventory need not be replaced as there is no longer any need for them. Therefore the total here is lower than was estimated last month.
Other equipment—0.8 million dollars.

4. What is a reasonable schedule for replacing both the computer and the other equipment?
   See the attached table.

5. Can the equipment replacement be scheduled at a constant cost per year or would the rate fluctuate?
   Equipment replacement could well be scheduled at a constant rate after the first two years (See the attached table).

6. What constant annual rate would be needed?
   $0.9 million per year, after fiscal year 1985.

7. If it did fluctuate, would it be better to budget in the construction or in the operating budget?
   It is not expected to fluctuate significantly (see above).

### SMITHSONIAN ASTROPHYSICAL OBSERVATORY—ESTIMATES OF REPLACEMENT COSTS FOR EQUIPMENT ¹

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer</td>
<td>0.5</td>
<td>0.5</td>
<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
</tr>
<tr>
<td>Other</td>
<td>0.8</td>
<td>0.6</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Total</td>
<td>1.3</td>
<td>1.1</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
</tr>
</tbody>
</table>

¹ The amounts needed in fiscal years 1984 and 1985 are substantially higher than in succeeding years, since nearly half of all SAO’s laboratory equipment is now quite old.

### NASA TRACKING FACILITIES

Mr. Yates. You contemplated operating the NASA laser tracking facilities. What is the status of that?

Mr. Challinor. As I understand, sometime in August we expect to have an answer from NASA on which of the three organizations is the successful bidder. One of which is the Smithsonian Astrophysical Observatory.

This contract would bring about $5 to $6 million a year for the Astrophysical Observatory to operate laser tracking stations. However about half of that would go to a subcontractor.

Mr. Yates. Who will operate it? Dr. Shapiro?

Mr. Challinor. His bureau would operate it. We are already operating a tracking station and supporting others at a contract total cost of around $1.5 million a year. The new contract would enlarge that figure about four fold.

Mr. Yates. Do they pay you?

Mr. Challinor. They would pay us if we were the successful applicant.

### MMT ROADWAY

Mr. Yates. Was the road to the top of MMT ever built?

Mr. Challinor. Yes, it was, Mr. Chairman. It is built and functioning very well. Some guardrails are still to be installed, but the work is on schedule and within the budget to complete it.

Mr. Yates. And the scientists aren’t shaken up when they go up there now?
Mr. CHALLINOR. No, sir. They are in good shape.

LIBRARY AT STRI

Mr. YATES. What about Panama? Any problems with your Tropi-
cal Research Institute since the agreement with the Panamanian
Government?

Mr. CHALLINOR. No, Mr. Chairman. On the contrary. Things have
been going very well. Next month we will dedicate a new library in
Panama.

Mr. YATES. At your location?

Mr. CHALLINOR. At our location. We reported this in the Regent's
Newsletter.

STRI RESEARCH EQUIPMENT

Mr. YATES. Yes. All right. What is the total replacement value of
the STRI research equipment?

Mr. CHALLINOR. We estimate STRI replacement value at
$300,000.

Mr. YATES. Do you have a plan to replace this equipment?

Mr. CHALLINOR. Yes, we have currently in our base about
$40,000. And we are asking now for $75,000 new dollars in the
fiscal year 1984 budget to make an orderly replacement of our
equipment. The tropical environment is very hard on electronic
equipment, especially.

PROTECTION OF TROPICAL FORESTS

Mr. YATES. What success has the Institute had in persuading the
Government to set aside large areas of tropical jungles in order to
protect against destruction of tropical forests in that area?

Mr. CHALLINOR. As a result of the treaty agreement, the Smithso-
nian tripled the size of the area that we now are responsible for
maintaining. Barro Colorado Island is about 3,000 acres but, we are
now responsible for four peninsulas on the adjacent mainland, or
for a total of just over 12,000 acres.

Mr. YATES. Will that be expanded?

Mr. CHALLINOR. Not as far as responsibility of the Smithsonian is
concerned. The old pipeline reserve, where we conduct research,
has been made into a national park by the Republic of Panama. It
covers about 49,000 acres.

NASM PUBLICATIONS

Mr. YATES. Are your Air and Space Museum publications sup-
ported with film revenues from the showing of your films?

Mr. CHALLINOR. I might defer to Mr. Boyne, the Director of
the museum on that question. I don't believe so. Could you answer
that, Walter?

Mr. BOYNE. No, they are not. We have some under the Federal
side and for some we have funds developed in other ways, private-
ly. They sustain themselves.

Most of the funds come from publication sales.

Mr. YATES. Is there any relationship between the science pro-
gram you have at Air and Space with the SAO research program?
Mr. Boyne. We are anxious to develop that right now. Dr. Shapiro and I are making arrangements on that.

GROUNDS AND UTILITIES MAINTENANCE AT THE ZOO

Mr. Yates. Who maintains the grounds and utilities at the zoo?
Mr. Reed. We maintain them ourselves, sir.
Mr. Yates. Are you going to contract that out?
Mr. Reed. We hope to contract out a large percentage of the routine work.

Mr. Yates. Why do you want to do that?
Mr. Reed. Recent reductions in staff require that we augment our existing work force with contract services. The men we have on duty are constantly working to effect immediate repairs. Long-term work, routine inspection and servicing of the equipment can be more efficiently done by contractual service as well as the efficiency of using lawn service to mow our lawns rather than our own crew. Janitorial work, the same way.

THE PANDAS

Mr. Yates. Have you had any more success in keeping your pandas more romantic?
Mr. Reed. Keep your eyes open for the next six weeks. We expect we are going to go through our spring orgy and the plans this year are going to be bigger and better and more spectacular.

Since I will no longer be at the zoo next fall, I am sure there will be a baby just for my punishment.

Mr. Yates. What is the period of gestation?
Mr. Reed. That gets confusing. The period of time between breeding and birth is five months. There apparently is a delayed implantation, so the pregnancy is probably two and a half months long although it takes five months to complete. It is confusing, sir. They are a very unusual animal.

Mr. Yates. Why do you want to keep my eyes open?
Mr. Reed. Because we will be having our spring orgy, the media will be at the zoo and reporting all the stuff we usually do.

Mr. Yates. I see. But don't you have to have some kind of meeting of the minds between the two pandas?
Mr. Reed. Not for artificially breeding. I am thoroughly convinced, sir, after six years of trying, that these two animals will not willingly participate in family affairs. We will do that for them.

Mr. Yates. Six years should be long enough.
Mr. Reed. It is too long, sir.

Mr. Yates. Do you have any trouble with any of your other animals?
Mr. Reed. No, sir. We are not having any trouble with any of the other animals. Most are breeding well. I think they like to show the pandas up.

We have a good breeding record. Maybe we are having problems that we are overlooking because we are concentrating so heavily on the pandas. Perhaps we are overlooking the sins of omission of the other animals.

Mr. Hughes. You mean emission.

Mr. Yates. Was that for the record?
Mr. Reed. Make sure it is recorded as he said it.

VANDALISM AT NASM

Mr. Yates. How much vandalism have you had? I note you have had some red liquid poured over some of your Air and Space Museum rockets. Is that still on the rockets or was it cleaned off, Mr. Boyne?

Mr. Boyne. No, sir. It was off within eight hours or so. It took just a very little bit of time.

Mr. Yates. What happened to the demonstrators?

Mr. Boyne. They were asked to leave. We find the best thing to do is to keep as low a profile as possible.

EXHIBITS ON EVOLUTION

Mr. Yates. OK. No problem. Have there been any lawsuits or efforts made to prohibit the Smithsonian from continuing its exhibitions regarding evolution?

Mr. Challinor. I am unaware of any, Mr. Chairman.

ATOMIC CLOCK

Mr. Yates. SAO builds atomic clocks for basic astronomical applications.

Mr. Challinor. I can explain that, Mr. Chairman. This is a clock, a device that ticks very regularly. It ticks so regularly that it won't vary more than one second in 50 million years. The reason why we want something this accurate—

Mr. Yates. Is that a wristwatch?

Mr. Challinor. No, it is a box about as big as this chair. It is controlled by the behavior of the hydrogen atom. I wouldn't go into the technical points, but the idea is to have something that ticks very, very precisely. It doesn't have a dial that tells time.

Mr. Einstein postulated that the less gravity to which a clock was subject, the faster it would tick. This was the clock that was sent out three earth diameters into space where it indeed ticked faster than a clock with which it had been synchronized on earth. This experiment tested Einstein's equivalence principle. We finally developed a clock some 60 years after he propounded his hypothesis where we could measure the faster ticking in space.

Mr. Yates. Are you putting this in Mr. Kennedy's collection of clocks?

Mr. Challinor. There is one now in the clock collection at the Museum of American History, that was built at the Smithsonian Astrophysical Observatory, about four years ago, Roger?

Mr. Kennedy. Yes. We have an exhibition on the subject going right now, Mr. Chairman, on atomic clocks.

Mr. Yates. Coupled with your other clocks?

Mr. Kennedy. Yes.

SI PUBLICATIONS

Mr. Yates. Good. Is there any coordination among the various Smithsonian entities respecting the preparation of exhibitions and publications?
Mr. Ripley. Well, if these are within our own publication practice, that is, the Smithsonian press is the central publishing element.

EXHIBIT PLANNING

Mr. Yates. What about exhibitions?
Mr. Ripley. We do have one unit called the Office of Exhibits Central located at 1111 North Capitol Street, which fabricates exhibits.
Mr. Yates. How does one museum know what another museum is doing as far as proposals for exhibitions is concerned?
Mr. Ripley. There is a good deal of interplay at committee level between museums on the kinds of exhibitions planned.
Mr. Yates. Does the Smithsonian ever have staff meetings to discuss what you propose to do over the next year or next five years?
Mr. Ripley. We have meetings among the curators. And we do have director interchange meetings where they discuss mutual concerns and programs.

BUDGET PLANNING PROCESS

Mr. Yates. What do you do about the budget? Who decides which museum gets what? The other museum directors?
Mr. Ripley. We have a kind of consensus arrived at which is largely under the Office of Programming and Budget.
Mr. Yates. Mr. Jameson decides?
Mr. Ripley. I don't think any one person decides, Mr. Chairman.
Mr. Yates. Well, but the bureaus submit their budgets to Mr. Jameson; right?
Mr. Jameson. No, sir.
Mr. Ripley. The Assistant Secretaries are intermediary. They fight it out with each other.
Mr. Yates. They take the bureaus' budgets from their various components, and they send them to Mr. Jameson?
Mr. Ripley. They do it——
Mr. Yates. No. He says no. To you?
Mr. Yellin. No, sir. It is a two-stage process.
Mr. Yates. The Assistant Secretaries meet to discuss the budgets. Each has a budget request. They look at each other across the table and say, "I want this much"; right?
Mr. Ripley. Yes.
Mr. Yates. The other says, "You are asking for too much"; right?
Mr. Ripley. I want my fair share, et cetera.
Mr. Yates. Do all of them know at the time they meet what the total request has to be?
Mr. Yellin. Yes.
Mr. Ripley. Approximately, yes, depending on the budgets that have been allotted by Congress in the first instance as a kind of follow-up to the appropriations process now is beginning to sort of set a budget level.

Then, of course, the OMB has its own budget levels. This is all fed in by people such as Mr. Yellin or Mr. Jameson to the general pot.
Mr. Yates. Does the Secretary or Under Secretary sit in with the Assistant Secretaries when the budget is discussed, with Mr. Jameson?

Mr. Ripley. I think he sits in a good deal of the time, don’t you, Sam?

Mr. Hughes. Yes. I think the process is rather interesting, Mr. Chairman. It really is decentralized to a degree that I have never seen elsewhere in Government. That is not to say that there is not some ultimate bargaining to be done.

But there is an extraordinary amount of decisionmaking within each museum as to how the budget is divided and how the personnel are allocated. And then the Assistant Secretaries, particularly the Assistant Secretary for Science and Assistant Secretary for History and Art, perform a somewhat similar function within their respective areas.

Then they, with other program people, meet with the Secretary’s executive committee. And we reconcile where we have to.

But the process works reasonably well, and is highly decentralized.

Mr. Yates. Who decides? Does Mr. Jameson decide how to pay for the Under Secretary’s requests, whether it be from Federal funds or private funds? Or from both?

Mr. Hughes. Well, we have some general rules. First, my budget is myself and a secretary, essentially, and the auditors.

Mr. Yates. You get the first take?

Mr. Hughes. No. I do not have a program budget, unless one considers the auditors a program, but the category from which funds come is decided according to the general rules that have been and are in effect. The auditors are Federal, and paid from Federal funds. The Under Secretary traditionally has been paid from trust funds as I am, my secretary is a Federal employee if you will, but we have general rules for doing this.

**TRUST FUNDED POSITIONS**

Mr. Yates. What are the general rules for doing this? How do you decide that you are paid from the private funds, and the Secretary is paid from the private fund, and the Assistant Secretary for History and Art is paid from private funds, and the others are paid from Federal funds?

What are the rules that say this is what you shall do?

Mr. Jameson. Mr. Chairman, traditionally there are some positions that have been paid from trust funds, the Secretary, Under Secretary, General Counsel, and Treasurer. Thereafter, positions are paid from the appropriate Federal and trust budgets based on decisions made on those budgets. I would note that the staff of the auxiliary activities, the magazine, the shops, various concessions, are all paid for out of the income of these activities. There are no Federal dollars.

Mr. Yates. Oh, yes. They pay for themselves. What happens to the money they get that goes beyond that? That goes to you, doesn’t it? How much do you let them keep? Or do they tell you how much they are going to give you? What do you do, Ms. Slinger?
MS. SOLINGER. I am told by Mr. Jameson and others, how much surplus we are to turn in at the end of each year. When September 30 arrives we have zero funds for the coming year.

Mr. Jameson. I might say Mrs. Solinger is an active, vocal and energetic participant in these discussions. She is not a pushover. There are others in the room that fall in the same category, if I might say that.
The process is very active throughout the Institution at all levels.

BUDGET PROCESS

Mr. Yates. You are kind of a Supreme Court on this, aren't you?  
Mr. Jameson. Well, not me personally.  
Mr. Yates. Who is?  
Mr. Jameson. The Secretary is the ultimate decider, if you will.  
It goes then to OMB and then to the Congress. This is after a process at various levels involving each of the bureau and office heads and persons at the assistant secretary level. We come to grips with what we think are the real needs of these organization units and match those up against the five-year planning process, and work into that equation the target figures that OMB is giving to us.

Not that we are patsies with regard to OMB. We do submit, as you heard earlier, over target requests. Sometimes successfully, sometimes not over the years.

Mr. Yates. What does that mean "over target"? You mean you pad your requests?

DECISIONMAKING ON TRUST VERSUS FEDERAL FUNDING

Mr. Jameson. No, sir. By no means. The OMB gives us a planning figure for the Smithsonian to react against. In addition to our requests within the planning figure, we have traditionally submitted to OMB budget requests over that planning figure. If I could go back to the decisionmaking on trust funds, Federal funds, which I think was your question.

Mr. Yates. Yes.

Mr. Jameson. Auxiliary activities do indeed pay for their programs and Federal money does not go into them. On the other hand, there are the traditional Smithsonian activities, research, care of collections, security, maintenance of buildings, which have been traditional Federal expenditures stemming back to the time of Joseph Henry, that Mr. Ripley mentioned.

In a sense, these are the public functions of keeping museums open. There are also administrative allotments of trust funds for our support units, the activities that report to me, to Mr. Hohenlohe, and to Paul Perrot. We fund those support activities on an approximately 60 percent Federal/40 percent trust basis which overall is the approximate relation of the operating funds of the Institution, approximately 60 Federal funds and 40 percent trust funds.

From the net proceeds, if you will, of the auxiliary activities which have been running $8 or $9 million a year, the Regents have approved certain allotments, which we have spelled out in the budget materials to you. The principal one of those is the acquisi-
tion, research and education fund which has been running approximately $2 million a year for the past five or six years.

In addition, as you will remember, the Regents approved budgeting from the trust funds of the Institution the fellowship program, and a proportionate share of the rental expenses in order to take those out of the Federal budget and relieve some of the pressure on the Federal budget.

So there is a budget process and philosophy and ground rules that we have very much in mind as we start along about now in formulating the trust budget for the next year, and the Federal budget for the following year.

Mr. Yates. Yes. How do you decide with your new needs whether to use your private funds or your public funds? I know that you decided to put in $2 or $3 million into the Quad, private behests, to make it come to the $19 million you say is on hand.

Who decided that you ought to make that contribution from your private funding?

Mr. Ripley. The Regents did. This was proposed to them as part of a long term financing plan.

Mr. Yates. How did they decide it would be $2 or $3 million rather than $5 or $10 million?

Mr. Ripley. Well, we were conservative. We felt we would like to have lead time to raise the necessary funds. Therefore, we would budget to expend some of our funds, if necessary, in order to make sure that we had the funds in hand.

Mr. Yates. Mr. Jameson, you said there were rules that you followed in connection with these allocations. Are they recent rules or is this tradition rather than rules?

Mr. Jameson. Basically they are traditional rules, but several years ago we spelled them out and the Regents approved them at their January 1978 meeting. That was part of the process that resulted from the study Mr. Hughes did for the regents in 1977.

So we did articulate the rules that I have mentioned to you for our budgeting and in terms of the fact that trust fund people are paid from trust funds and Federal people are paid from Federal funds and we do not convert them back and forth.

We have those rules available if you would like to see them again.

Mr. Yates. All right. We would like to see it. I would like to see them.

Mr. Jameson. Yes, sir.

[The information follows:]
Abstract from the Proceedings of the Meeting of the Board of Regents
January 16, 1978

SMITHSONIAN INSTITUTION POLICIES AND PROCEDURES GOVERNING THE USE OF APPROPRIATED FUNDS; CONTRACTS AND GRANTS; AND TRUST FUNDS

The Act of August 10, 1846 (20 U.S.C. §41 et seq.), which implemented the bequest of James Smithson as a trust obligation of the United States and established the Smithsonian Institution, provided for its governance by an independent Board of Regents. The Regents were given broad authority to receive and disburse funds available to the Institution through the bequest or otherwise "as they shall deem best suited for the promotion of the purpose of the testator." They were also directed to make provision for collections, exhibitions, library and research functions, and facilities for public education.

Historically, the funds of the Institution, which originated with the Congressional acceptance in 1836 of the Smithson bequest to the United States for "the increase and diffusion of knowledge among men," have been augmented through the years by gifts and bequests, grants and contracts, and the revenue-producing activities of the Institution itself. Many of the activities which implement the trust are substantially funded by Federal appropriations. It may be concluded that the Smithsonian Institution is a Federal establishment created to carry out the trust objectives of the Smithson Will.

All funds of the Institution, both public and those held in trust, are administered by the Secretary, under the direction of the Board of Regents, subject to the terms and conditions required by their sources.

Budgets for and status reports on the financial condition of the Smithsonian and on the progress of particular programs or projects funded with trust, appropriated, and other funds are provided to the Regents' Executive Committee and to the full Board at its regular meetings for their approval.
SOURCES OF SUPPORT

The Institution has three major sources of support: Federal appropriations, Federal grants and contracts, and trust funds. The trust funds are further divided into restricted and unrestricted categories.

Federal Appropriations

Federal funds are sought and received through the regular budget and appropriations processes, and are expended in compliance with Government regulations. The Board of Regents considers and approves Institution budgets and delegates the administration of these funds to the Secretary. This delegation presupposes adherence to programs and budgets approved by the Regents, specific legislative authority, conformance to standard Government personnel procedures, and observance of Federal procurement and accounting regulations.

Traditionally, the appropriated funds of the Institution have been budgeted by the Board of Regents for the primary core support of basic research; the acquisition, care, maintenance, exhibition, and study of the national collections; education and publication programs; construction, renovation, and repair of facilities; and protection of the buildings and collections under the jurisdiction of the Smithsonian. Support of the Smithsonian's facilities permits more than 22 million visitors annually to Washington to enjoy the exhibitions, as well as its scientific and scholarly resources. The Institution also serves additional millions of museum-goers across the country through its Traveling Exhibition Service.

Funds derived directly from appropriations are the largest single source of funds available to the Institution. They were initially provided in 1857, at which time they constituted 30% of total operating expenses, and reached their highest proportion, 91%, in 1907. In the current decade, direct Federal appropriations have ranged between 64% and 76% of the Smithsonian's operating expenditures, and in 1976 accounted for 66%.
Federal Grants and Contracts

For the past thirty years funds received as Federal grants and contracts have been a significant factor in institutional operations. Generally, Smithsonian personnel seek and receive grants and contracts from Government agencies and departments to assist in financing specific research and educational projects that are related to the mission of the Institution and in consonance with programs approved by the Board of Regents. Occasionally, an agency or department requests the Smithsonian to perform specific kinds of work because of its expertise in a given area, the availability of key research people, or its ability to respond quickly to certain kinds of needs. Such requests are honored and carried out by grant or contract when they can be accommodated within the limits of available time, personnel, and existing programmatic priorities.

Grant and contract funds are made available to the Smithsonian as an educational institution; administered as restricted trust funds; and expended for purposes of the individual grant or contract in accordance with terms and conditions required by law and regulation and as agreed to between the parties. In 1976 Federal grant and contract funds accounted for 9% of the Smithsonian's operating budget.

Trust Funds

Restricted Trust Funds consist of gifts, grants, endowments, and other income designated for specific projects and purposes by the donor. The Freer fund is the largest example in this category, being strictly controlled under the terms of the original gift and bequest for the sole use of the Gallery.

Unrestricted Trust Funds are made available for the Institution's use from a variety of sources. These sources include interest on the Smithsonian bequest; income from other endowment and current fund investments; concessions such as food service and parking; royalties from sales of Smithsonian products based on designs and objects in the collections; the Resident and National Associates' programs (including the Smithsonian magazine), and the Museum Shops. They also include unrestricted gifts or bequests of funds.
In the past decade the gross operating trust fund revenues of the Institution have ranged between 8% and 25% of its total operating budget. Only in 1975 and 1976 have they exceeded 20%. This has been due in substantial measure to the wide acceptance of Smithsonian magazine by subscribers and advertisers which has generated sums of unrestricted funds previously unavailable.

POLICIES AND PROCEDURES FOR THE USE OF TRUST FUNDS

The policies and procedures which have been developed for the use of trust funds may be summarized as follows. Any future significant changes in these policies will be approved by the Executive Committee of the Board of Regents, and, if necessary, the full Board, and following such approval will be made known to the Office of Management and Budget and the Congress.

-- Annual income budgets are prepared in detail for each of the sources of trust funds along with expense budgets for all recipient programs, activities, and organizations. The trust fund budgets are consolidated for review by Smithsonian management and approval by the Board of Regents as a part of the overall Institution budget. These budgets are developed in coordination with Federal budget planning and allocations, particularly in those instances where both appropriated and trust funds are traditionally supplied to support an organization unit or program.

-- Separate financial accounts are maintained, reports prepared, and results monitored and projected to assure that trust funds are used for approved purposes and in an effective manner. Trust fund plans and budgets for the current and budget years are communicated in a timely and comprehensive way to the Office of Management and Budget and the Congress for their review as part of the Federal appropriations process. Any proposed expenditures of trust funds which may result in a significant requirement for future Federal dollars is brought to the attention of OMB and Congress in a timely manner before any commitment is made. Similarly, unanticipated requirements to use significant amounts of trust funds for an activity usually supported with Federal appropriations are discussed with OMB and the appropriate committees of Congress also in a timely manner prior to commitment.
Personnel hiring and employment practices, and the procurement of goods and services financed by trust funds are consonant with sound management policies and procedures, and include, where appropriate for administrative consistency and simplicity, the application of guidelines established for the use of Federal funds. Trust fund employees are paid at rates commensurate with those of Federal employees. Decisions concerning funding for employment are determined through the annual budget processes. Employees are charged to Federal appropriations, restricted trust funds, and unrestricted trust funds in a manner consistent with approved programs and projects and in accord with the purposes for which these funds are provided to the Institution. Any exceptions, which will be infrequent in number, to the consistent changing of personnel, will be specifically approved by the Secretary and, if involving a key appointment or a long-term assignment, will be reported to the Board of Regents and to the Congress with an explanation of the circumstances that dictated an exception to regular budget policy.

Management and administrative services units of the Institution, including legal counsel, accounting, payroll, personnel, supply, and others, are staffed and otherwise supported in part from Federal funds and in part from trust funds, including funds resulting from overhead recovery on grants and contracts administered by the Smithsonian and from administrative fees charged to trust funded activities. This procedure produces a ratio of Federal and trust fund administrative support approximately in proportion to the operating program expenditures of the Institution as a whole.

The auxiliary activities staff and related operating expenses, such as those of the Smithsonian Associates (including the Smithsonian magazine), and the Museum Shops, are funded from the earned income of these activities. Where losses are budgeted for certain of these activities, they are offset by the gains of others. Other activities such as the Traveling Exhibition Service and Performing Arts, usually included in the "auxiliary" category of the trust funds budget because they have earned income, also receive appropriated funds.
USES OF NET UNRESTRICTED TRUST FUND INCOME

With the approval of the Board of Regents, the unrestricted trust fund income remaining after meeting the expenses of the auxiliary activities and a share of general administration is budgeted for purposes and programs on the basis of carefully considered needs and opportunities, fund availability, and projections of future economic and other conditions.

In recognition of their participation in the planning, development, and administration of the museum shops, concessions, and product development programs a portion of the net income of certain of these activities is budgeted for use by the museums and galleries. Although these are unrestricted funds in the broad sense, their use is limited primarily to purchases for the collections, exhibitions, and publications, and their expenditure is determined in consultation with individual bureau directors. Annual budgets for such funds are prepared for the approval of Smithsonian management. Other funds which are available to the bureaus result from activities such as the operation of the parking facility at the National Zoological Park and the film and planetarium showings at the National Air and Space Museum. These funds are dedicated to particular needs such as parking improvements, replacement films, and educational publications.

The Regents' first priority for the allocation of the remaining trust funds is the development of the Institution's relatively small unrestricted endowment. Income from the endowment will be used to strengthen the financial position of the Smithsonian against continuing inflation and unpredictable economic change. The Regents anticipate adding to this endowment each year to produce investment income sufficient to offset increased costs of program operations which are dependent on trust funds.

After provision for endowment growth, funds are made available to meet important unmet needs of the Institution in such areas as major purchases for the collections, scholarly opportunities, and the extension of popular education activities. Such allocations take into account the appropriated funds, if any, available for particular activities or projects. Other trust fund allotments, usually of small amounts, are made to bureaus and offices for special events associated with exhibit openings and similar public presentations or other purposes where it is determined that there are special needs or opportunities.
Physical plant improvements are funded with appropriated funds except when it is determined that the nature of the property, type of improvement, or the urgency of the project makes it appropriate to use trust funds.

ACCOUNTABILITY

Preservation of the Smithsonian's unique characteristics and its program flexibility requires that the Institution account fully for the funds made available and for the activities in which it engages. A report is submitted annually to the Congress on the activities and the condition of the Institution which includes financial statements on all funding sources. Federal funds are subject to audit by the General Accounting Office, and the trust funds are audited each year by certified public accountants whose findings are included in the annual report to Congress. The Defense Contract Audit Agency reviews the Smithsonian's management of and accounting for Federal grants and contracts and approves the allocation of related administrative expenses.

In addition to these regular reports and reviews the Board of Regents, as a matter of policy, makes available to the Congress and to officers of appropriate Executive Branch agencies budget documents and materials related to the trust funds of the Institution. Furthermore a consolidated source and application of funds statement is made available to the Office of Management and Budget and the Congress as part of the annual Federal Budget submission. This statement, to be used in conjunction with the Financial Report for the prior year, shows the expenses from all sources of each bureau, office, and program. Full information on the purpose for which all funds are spent will be available.
TIME MACHINE EXHIBITION

Mr. Yates. You are going to have an exhibit called the Time Machine, 1984. You are going to pay for the Time Machine with admission fees.

Why did you decide suddenly you are going to have admission fees for that? Is this a new policy?

You haven’t had admission fees before, have you?
Mr. Kennedy. No, sir.

Mr. Ripley. The Smithsonian has in one case. A number of years ago we did a special exhibit and charged an admission fee for that.

Mr. Yates. Should there be admission charges?

Mr. Ripley. Well, it may be desirable to do it if you have something which you can’t otherwise figure out how to raise the funds for.

Mr. Yates. Well, I think of your beautiful exhibits like the one at Renwick now. Just a beautiful exhibit.

Mr. Hughes. Movies, Mr. Chairman. We charge for the movies.

Mr. Yates. Oh, yes, at Air and Space. That is right.

Mr. Kennedy. This enterprise is as much audio-visual as it is a traditional museum show. Its innovative combination of those things brings it pretty close to movies in that sense, so that we are staying within that—

Mr. Yates. Has the Time Machine been deferred?

Mr. Kennedy. Yes.

Mr. Yates. You are not going forward with it?

Mr. Kennedy. We are when we raise the rest of the money.

Mr. Yates. How much is it going to cost?

Mr. Kennedy. We don’t know exactly until we’re sure about the cost of some complex audio-visual technology. We won’t proceed until we have the money pretty well committed with enough left over to complete that work as well.

Mr. Yates. What does the Time Machine propose to do, go forward, or go back?

Mr. Kennedy. The machine goes forward.

Mr. Yates. It is easier to go back; isn’t it?

Mr. Kennedy. You mean how does the memory work?

The memory works backward. I thought you meant the project as distinguished from the script.

Mr. Yates. Who wrote it?

Mr. Kennedy. We have had a lot of consultants but I guess fundamentally I am responsible for the idea.

Mr. Yates. Must be very imaginative then, right?

Mr. Kennedy. We try, Mr. Chairman.

AFFIRMATIVE ACTION PROGRAM

Mr. Yates. Yes. You try harder. You have a three-year grant from the Ford Foundation to enhance the museum’s affirmative action program in order to give minorities experience in the museum profession.

Mr. Kennedy. Yes, sir.

Mr. Yates. Are you short of expert museum personnel?

Mr. Kennedy. In general?

Mr. Yates. Yes.
Mr. Kennedy. Yes.
Mr. Yates. Not at the present time, though?
Mr. Kennedy. Sure, we could use more museum personnel.
Mr. Yates. I didn't mean that. I mean are they readily available?
If you were to put an ad in the paper.
Mr. Kennedy. There is a shortage of trained minority persons.
Mr. Yates. What about nonminority persons?
Mr. Kennedy. I don't think I could make the argument that
there is a general shortage of the general skills required to run
museums, but there is in many specialities and there is among mi-
nority persons.
Mr. Yates. I have the impression from what I read in the press,
not recently, maybe four or five or six months ago, that trained
expert museum personnel were available and looking for jobs.
Mr. Kennedy. Yes. It is pretty hard to generalize accurately
about a profession that has as many little pockets in it as this does.
There is a shortage of persons who can administer the intersections
between the best contemporary social history and the exhibit-
making process. We must assure that as many minority persons as
possible join the ranks of those trained for that purpose.
Mr. Yates. Under the grant, how many special administrative
and research positions were established?
Mr. Kennedy. We created three, one assigned to my office, one
to each of the two major departments to work intimately with the
management of those departments. That was one function, to train
some people who could learn how you administer a museum.
We also created, and supplemented with the Smithsonian's own
funds, an enterprise which seeks to examine the life of minority
persons in major northern urban areas before the Civil War and
bring those forward toward museum exhibits in the future.
We are training a whole bunch of youngsters with some senior
people in front of them on matching Ford Foundation money and
Smithsonian money. This is a way of training up people in fields of
study that weren't there and for exposure in methodology that
wasn't there before.
Mr. Yates. From where did you draw the minority?
Mr. Kennedy. We have screened people from all over the coun-
try. Its surprising how many are interested because there isn't—
these are not large stipends.
Mr. Yates. How much are the stipends?
Mr. Kennedy. They vary. You try to get people who can give you
some time, but we can't pay large salaries for everybody. With
regard to the three administrators, the search was national.
Mr. Yates. Do you have three onboard now?
Mr. Kennedy. We have two onboard—one has gone on to higher
things.
Mr. Yates. Where did they come from?
Mr. Kennedy. One was from the West Coast, and the other was
from Maryland.
Mr. Yates. A woman, Hispanic, black?
Mr. Kennedy. There is a black female and a black male.
Mr. Yates. Why do you go to the Ford Foundation for these
funds instead of asking for appropriated funds?
Mr. Kennedy. It was faster. And I guess I would say, sir, easier.
Mr. Yates. Are there funds in the budget for it?
Mr. Kennedy. Well, let me give you a more serious answer. It happens that I came to the Smithsonian from the Ford Foundation.
Mr. Yates. Oh.
Mr. Kennedy. And was fairly well acquainted there.
Mr. Yates. Well, I thought you were well acquainted around this committee.
Mr. Kennedy. But it was before I met you, Mr. Yates. We will try from you next. There was a clear need and there was a clear hole. There were friends who were responsive.
Mr. Yates. More power to you.
Mr. Hughes. I encouraged this activity Mr. Chairman. I think we can use all of these kinds of funds that we can get from the committee or the Ford Foundation, either one.
Mr. Yates. Mr. Hughes, are there funds in the budget you are giving us, for this purpose?
Mr. Hughes. Yes.
Mr. Jameson. May I speak to that, Mr. Chairman?
Mr. Yates. You may, indeed.

**COOPERATIVE EDUCATION PROGRAM**

Mr. Jameson. There are about $155,000 of program money available to the Institution to do several what I think are useful. One is a program which we call cooperative education program, to bring graduate students, or soon-to-be graduate students, into the Institution for a work portion of their academic year.

So far we have had about 15 or 18 of those students and hired about three. They have all been minorities or women.

**COLLABORATIVE EDUCATION PROGRAM**

Second, also under the wing of the Office of Fellowships and Grants, there is a program which is called Collaborative Education, which allows interns and visiting faculty fellowships from principally the historically black schools to work at the Smithsonian.

**CAREER AWARENESS**

Third, we have a program, just starting which we call Career Awareness, run by our Office of Elementary and Secondary Education, which is aimed at high school students primarily in the Washington area, at least initially to give them some exposure to potential career opportunities at the time they may be making decisions about whether they take general math, or something else.

So there is a number of things which are interrelated between the central budget of the Institution and between the bureaus, and I think it is useful.

**STORAGE CABINETS**

Mr. Yates. You want money to acquire 50 fireproof steel storage cabinets for the temporary storage in the museum support center. Why wouldn't storage equipment for the center be adequate for the Sackler Collection? Do you want to answer that, Mr. Perrot?
Mr. Perrot. Mr. Chairman, a large part of the collections are going to be stored in a three tiered storage system which will not always include closed air-tight containers.

The Sackler Collection is considered of such importance and quality, that the Director of the museum thought it necessary to have such cabinets. These cabinets after they have been used for that collection will be used for other purposes.

In addition to the fact it is not clear at the moment when the Sackler Collection is going to come to us. There is a possibility it might be coming this fall. If that is the case, the equipment will not be installed at that time except in the wet storage area and that would be inappropriate for museum objects.

Mr. Ripley. Perhaps Dr. Lawton could add to that specifically.

Mr. Lawton. The cases for which we have asked funding will be cases that we may use again in the building. It is simply a matter of acquiring the housing that is necessary, putting it temporarily in the Silver Hill facility and moving it to the museum when it is ready.

Mr. Yates. How do you store your present art objects in Freer, in these kinds of cabinets?

Mr. Lawton. Yes, sir, some. There is a wide variety. Some are wood, others are metal. We are planning to use essentially metal cabinets.

SACKLER GALLERY ASSISTANT DIRECTOR

Mr. Yates. Now, you want an increase of $53,000 to support the salary costs of an Assistant Director of the Sackler Gallery.

Mr. Lawton. Yes, sir. That is part of the agreement with Dr. Sackler.

Mr. Yates. Will there be a subsequent increase requested for Freer once you are in charge of the new program?

Mr. Lawton. Increase for the Assistant Director for the Freer Gallery?

Mr. Yates. Yes.

Mr. Lawton. No, sir.

Mr. Yates. I think we will stop here and ask that you come back on April 15. It has been a long day.
Mr. Yates. All right. Mr. Ripley, Mr. Hughes, good morning, again.

Mr. Ripley. Good morning, Mr. Chairman.

Mr. Yates. A few things have happened since our last hearing a few weeks ago. Since our last meeting, certain things have appeared in the press that invite the committee's attention.

I think we ought to cover that in addition to such other things as were not covered in our last hearing.

I understand Mr. Humelsine, who is Chairman of the Executive Committee of the Board, is here. We would like to have him here at the table.

Mr. Ripley. Yes, Mr. Chairman. Mr. Humelsine is here. We are very happy to have him here at this session.

Mr. Humelsine. I am not very happy to be here.

Mr. Yates. Well, I don't know that that is the way to begin a hearing.

Mr. Humelsine. I have done that for years, Mr. Chairman.
Mr. Yates. Have you? Okay. Let's proceed, first of all, by putting Mr. Humelsine's statement into the record, together with his very distinguished biography, to be followed by Mr. Ripley's statement, to be followed by Mr. Hughes' statement.

[The statements of Messrs. Humelsine, Ripley and Hughes follow:]
STATEMENT OF CARLISLE H. HUMELSINE

Chairman, Executive Committee, Smithsonian Institution Board of Regents on Appropriations Requested for Fiscal Year 1984

Mr. Chairman and Members of the Committee, I am pleased to be here today as a member of the Board of Regents of the Smithsonian Institution and Chairman of its Executive Committee to lend our support for the Institution's fiscal year 1984 budget request. This request totals $175,894,000, representing operating, building renovation, construction, and special foreign currency requirements, and is part of the consolidated budget presented to the Congress for its review.

It is worth noting that this consolidated budget shows that approximately 42 percent of the total gross operating funds of the Institution come from endowment and earned income of the Smithsonian Magazine and other auxiliary activities. These funds make important contributions to public education, to the conduct of basic research, and to the development of the National Collections. The Regents feel that the development of these funding sources represents one of the many significant accomplishments of Secretary Ripley.

I thought that it might be useful to outline for the Committee the steps taken by the Board to assure that it fulfills its oversight responsibilities. As you know, Mr. Chairman, the Board meets every four months, in January, May, and September, to consider a full agenda of financial, legislative, personnel and program matters. Prior to each meeting the Executive Committee of the Board reviews the proposed agenda in detail and, with any necessary changes, submits it to the full Board for action.

In addition to this process, other standing committees, each with outside knowledgeable membership, consider particular aspects of the Institution's operations. The Audit and Review Committee, which meets several times a year, assures that the Institution's accounting systems, controls and financial reporting are in good order and examines key program operations in Washington and elsewhere. Supervision of the investment program is the responsibility of the Investment Policy Committee which meets twice annually to examine closely the status of investments and their management. And, finally, the Personnel Committee reviews the statement of financial interests of the top officers to assure that there are no conflicts of interest. Each of the committees reports fully to the full Board.

Information on these committees as well as on the overall responsibilities of the Board is provided in the published Bylaws of the Board of Regents and Charter Provisions of the Smithsonian Institution. A new edition of this booklet has just been published and forwarded to the Committee.

Over the past several years, a number of actions have been taken to strengthen the Smithsonian's communications on its program and financial operations with the public, the Office of Management and Budget, the Congress, and with other interested organizations. Full reports on actions taken by the Regents are provided to the press, to appropriate committees of Congress, and to others. I have mentioned the consolidated budgets approved by the Board which describe in detail the sources and uses of all funds. The annual update of the Five-Year Prospectus, considered by the Board with the budget, serves to communicate program directions and priorities. The Institution's internal audit staff and independent public accounting firm have direct relationships with the Audit and Review Committee. I should note that the budget before you contains a comprehensive audit of all Smithsonian funds, the traditional audit of nonappropriated trust funds by the public accounting firm having been extended in fiscal year 1982 to cover appropriated funds as well.
Mr. Chairman, that completes my statement but I would not wish to close without thanking this Committee for its thoughtful and strong support of what has become a vital national service organization. I would be pleased to respond to questions the Committee may have.
Biography of Carlisle H. Humelsine

Mr. Carlisle Humelsine was born in Hagerstown, Maryland, obtained his A.B. from the University of Maryland and holds honorary degrees from the College of William and Mary, Hampden-Sydney College, the University of Maryland and Rutgers University. He is married to the former Mary Speake of Luray, Virginia, and the Humelsines have two daughters.

Mr. Humelsine was appointed to the Executive Committee of the Board of Regents of the Smithsonian Institution in March 1980 by Joint Resolution of the House and Senate. He was elected chairman of the Executive Committee in January 1982.

As fourth chairman of The Colonial Williamsburg Foundation's board of trustees, he succeeded U.S. Supreme Court Justice Lewis F. Powell, Jr. in this post on November 12, 1977. Mr. Humelsine was president of Colonial Williamsburg from 1958 to November 1977 and as chairman of its board, heads one of the largest and best-known restorations in the world, the nucleus of which consists of 88 original 18th- and 19th-century buildings and 90 acres of gardens and greens.

Mr. Humelsine has a long and distinguished record of public service on the community level as well as the national scene. In 1973 Mr. Humelsine was elected chairman of the board of the National Trust for Historic Preservation. He served as a trustee and member of its executive and a number of other committees prior to being named the third chairman in the National Trust's 26-year history. In December 1976 he received a Conservation Service Award from the U.S. Department of the Interior, which cited his "quarter of a century of tireless services as champion of this Nation's cultural heritage."

A former president of the Virginia Museum of Fine Arts, he is a trustee of the National Geographic Society and the Mariners Museum; trustee and vice president of the National Gallery of Art; and a member of the Fine Arts Committee of the State Department. Appointed by the late President Johnson to serve as first chairman of the American Revolution Bicentennial Commission, he held the post until 1969. In 1973 he was named chairman of the Citizens' Advisory Committee on Furnishing and Interpreting Virginia's Executive Mansion.

He is a director of the Grant Teton Lodge Company in Wyoming, Caneel Bay Plantation, Inc. in the Virgin Islands; and a trustee of Sleepy Hollow Restoration in New York State, all Rockefeller-sponsored organizations. Mr. Humelsine serves as a director of the Chesapeake and Potomac Telephone Company; Garfinckel, Brooks Brothers, and Miller and Rhoads, Inc.; United Virginia Bankshares, Inc.; and the New York Life Insurance Company, of which he is a member of the executive committee.

Mr. Humelsine is a member of the American Antiquarian Society, the Victorian Society in America, and the steering committee of the Citizens Program for the Chesapeake Bay, and he is an honorary consultant to the board of the Robert E. Lee Memorial Foundation, and an advisory committee member for The Papers of George Washington and the George C. Marshall Research Library. He was chairman of the Governor's Conference on Natural Beauty held in 1965 and was chairman of the Virginia State Board of Conservation and Economic development, 1965-70. In 1976 he was appointed to the newly created Development Council for the College of William and Mary.
SECRETARY'S STATEMENT

Mr. Chairman and Members of the Subcommittee. My statements, both oral and written, were provided at our initial hearing on March 16. I have no prepared statement at this time, therefore. I am naturally quite pleased that you have invited our industrious and resourceful friend and Regent, Carlisle Humelsine. He has been a Regent since March 1980 and has been Chairman of the Executive Committee since January of 1982.

I might add that, in view of the recent series of articles in the Washington Post, I think it would be useful to have set forth for the Committee the major actions taken by the Smithsonian over the past several years to assure that the collections of the Smithsonian are under proper control and that both accessions to the collections and deaccessions from them are properly and carefully handled. Mr. Hughes is prepared to do that, with your permission, Mr. Chairman.
Mr. Chairman and Members of the Committee. We know that you and many of your fellow Committee members have read the recent series of articles in the *Washington Post* on the gems and minerals collections in the National Museum of Natural History. I would like to set forth for you, through this statement and attachments, the actions that the Institution has been taking over the past several years to assure the safeguarding of all the Smithsonian's collections and the proper handling of accessions to and deaccessions from those collections.

I think it is fair and accurate to say that generally speaking the actions which I will describe were given their initial impetus by the complete inventory of Smithsonian collections which you and this Committee have supported so strongly and accelerated. Our inventory began in 1978 and will be completed in June of this year. Much work of reconciliation and of more detailed description of the collections for research purposes will remain to be done, but by June of this year we will have a full and accurate record of all of the objects and collections in the Institution at the present time.

From the beginning, the Smithsonian has been concerned with the proper care and safeguarding of our collections by assuring the correct handling of accessions to and deaccessions from those collections, by establishing standards for the care of objects in our custody, and by defining the responsibilities of curators and other staff. All of these matters, like the maintenance of an accurate and complete inventory, come under the general heading of collections management. For most of the history of the Institution such matters have been the decentralized responsibility of individual curators and sometimes of the directors of individual museums. This is not to say that policies were nonexistent or that they were inadequate or inappropriate, but rather that they were widely variable and were
based on the practices and customs of the particular field of science, history or art.

In July of 1980, however, stimulated by concern that individual museum collections management policies be adequate and as consistent as appropriate, the Institution issued Office Memorandum 808 which established the policy of the Smithsonian Institution "that each of its organizations which has collecting authority maintain and follow an authorized, written collections management policy to assure that all collections are properly controlled, inventoried, and cared for." The policy further provided that "where conditions warrant, a collecting organization may elect to promulgate separate collections management policies applicable to individual subordinate units." The memorandum set forth the procedures for the development of policies and for their review and authorization, and an attachment to that memorandum established a set of guidelines for preparing them. Office Memorandum 808 and the guidelines are attached as Exhibit 1 to this statement.

In accordance with Office Memorandum 808, the individual museums developed collections management policy statements and transmitted them for review in accordance with the guidelines. The initial set of policies were placed in effect in 1980 and 1981 with the understanding that they were subject to revision and improvement as experience and further review might indicate. The set of collections management policies now in effect for all of the collecting units within the Smithsonian is attached as Exhibit 2. They are a rather formidable bundle as you can see and to facilitate consideration of what we believe to be the key provisions, we have summarized in Exhibit 3 the accession and deaccesion procedures of the Smithsonian museums. I should point out and emphasize that while the provisions of the collections management documents are being revised continually, including the accession and deaccesion procedures,
we believe that from drafts first received, the policies set forth have been adequate to assure the protection of the collections. The revisions that have occurred are generally to bring fundamental criteria into greater uniformity and to assure that basic standards are adequate but not unduly burdensome. You can appreciate that collections management policies for entomology would and should differ from invertebrate zoology, gems and minerals, and philately.

Let me turn now specifically to the gems and minerals collections and the Post article. During the course of a routine internal audit of the gems and minerals records and procedures in late 1981, questions were raised as to whether the records of a few transactions were adequate and whether appropriate administrative processes were actually in effect in that area covering accessions, exchanges and deaccessions. While we were not aware then or now of deliberate wrongdoing, and while there had been an almost immeasurable strengthening of the holdings, we concluded that there was a need for a significant tightening and improving of administrative procedures covering the management of those collections. We brought the matter to the attention of the Regents through their Audit and Review Committee. That Committee and the Regents have been strongly supportive of our efforts and have been kept fully and currently informed down to the present time. The necessary changes in administrative processes and in record keeping were incorporated into the collections management procedures for the Museum of Natural History and, more specifically, into similar procedures applicable to the gems and minerals collection. A copy of the gems and minerals procedures is part of Exhibit 2.

In addition to taking the management actions just described, in July 1982 we thought it wise to seek the advice of the Department of Justice with regard to a few transactions. It is our understanding that subsequently the Department of Justice referred the matter to the U.S. Attorney's Office, the FBI and the IRS.
In February of this year, at the direction of the Audit and Review Committee, I wrote the U.S. Attorney to express the continued interest of the Regents in the matter, their desire to cooperate in every way possible, and their hope for early resolution. That letter and a reply from the U.S. Attorney are attached as Exhibit 4.

Finally, to give further assurance to ourselves, the Regents and the Committee, we have brought together the accessions and deaccessions records for all museums in the Institution for the period since January 1980. They are attached as Exhibit 5. While they are voluminous and detailed, a simple scanning of the individual records and of a covering summary shows several things:

1. Accessions are many times more numerous than deaccessions in all museums, with objects and collections coming to us by a variety of means: purchase, donation, bequest, and from government agencies. This emphasis on accessions reflects the overall bias of the Institution toward collecting, rather than disposing or trading.

2. Deaccessions are not only relatively very few in relation to accessions but are, like accessions, carefully documented.

3. Review of the kinds of items accessioned and deaccessioned indicates that the vast majority of items have entirely different characteristics than gems or gem minerals. While some are valuable in an intrinsic, as well as in a scientific or historic sense, the nature of the "markets" involved and, therefore, of the incentives is so different from the gem market over recent years as to basically alter the conditions of collecting. In every other area of items of high intrinsic value, the volume of deaccession activity has been very low.

In summary, Mr. Chairman, we have been working hard and steadily for several years to establish appropriate control over the collections in our custody and over additions to and subtractions from the collections. We believe that with the establishment of collections management policies and the completion of the
inventory, we have accomplished that. I believe that in the process staff throughout the Institution have become convinced of the necessity for clearly established collections management policies appropriate to the particular collection. Further, we have all become more aware of the value of the inventory for scientific purposes, as well as for management. There are lots of us here to respond to your questions. Mr. Chairman.
Mr. Yates. Mr. Humelsine, we are glad you are here. We have established a few traditions on the committee. We like to have members of the Board of Regents attend the Appropriations Committee hearing.

Mr. Webb, your predecessor, did that and we are glad you are continuing that tradition because we believe it is important that the Regents also have a liaison with a committee that is very much interested in the activities of the Smithsonian and in its well-being.

As I said, your statement is a part of the record. We will be very glad to hear what you have to say.

OPENING STATEMENT

Mr. Humelsine. It is a short statement, Mr. Chairman. I would prefer to read it because it may lead to some questions from you or other members of the committee.

Mr. Chairman, and members of the committee, I am pleased to be here today as a member of the Board of Regents of the Smithsonian Institution and Chairman of its Executive Committee to lend our support for the Institution's fiscal year 1984 budget request.

This request totals $175,894,000, representing operating, building renovation, construction and special foreign currency requirements, and is part of the consolidated budget presented to the Congress for its review.

It is worth noting that this consolidated budget shows that approximately 42 percent of the total gross operating funds of the Institution come from endowment and earned income of the Smithsonian Magazine and other auxiliary activities.

These funds make important contributions to public education, to the conduct of basic research, and to the development of the National Collections. The Regents feel that the development of these funding sources represents one of the many significant accomplishments of Secretary Ripley.

I thought that it might be useful to outline for the committee the steps taken by the Board to assure that it fulfills its oversight responsibilities. As you know, Mr. Chairman, the Board meets every four months, in January, May and September, to consider a full agenda of financial, legislative, personnel and program matters.

Prior to each meeting, the Executive Committee of the Board reviews the proposed agenda in detail and, with any necessary changes, submits it to the full Board for actions.

In addition to this process, other standing committees, each with outside knowledgeable membership, consider particular aspects of the Institution's operations. The Audit and Review Committee, which meets several times a year, assures that the Institution's accounting systems, controls and financial reporting are in good order and examines key program operations in Washington and elsewhere.

Supervision of the investment program is the responsibility of the Investment Policy Committee which meets twice annually to examine closely the status of investments and their management.

Mr. Yates. That is investments by the Smithsonian of its funds?
REGENTS PERSONNEL COMMITTEE

Mr. Humelsine. Its endowment funds. September last, I think its value was $90 million.

Finally, the Personnel Committee reviews the statement of financial interests of the top officers to assure that there are no conflicts of interest. Each of the committees reports fully to the full Board.

Mr. Yates. What is a top officer, and why do you look at the conflict of interest statements only of the so-called top officers?

What do you mean by top officers?

Mr. Humelsine. It is the executive staff. It would be Mr. Ripley, and Mr. Hughes, and his people who report directly to that group in the management of the Smithsonian. I would say it is about a dozen.

Mr. Yates. Here they are, I think, Mr. Humelsine. This is taken from the minutes of the meeting of the Board of Regents on January 25, 1982. That contains a letter by Mr. Rush, Mr. Mahon and Mr. Humelsine, addressed to the Chief Justice, Chief Justice Burger, and saying that, "your Regents Personnel Committee, consisting of the undersigned, has carefully reviewed the confidential statements and employment financial interests of the following employees: Mr. Ripley, Mr. Hughes, Mr. Jameson, Mr. Blitzer, Mr. Challinor, Mr. Perrot, Mr. Euell, Mr. Symington, Mr. Taylor, Mr. Hobbins, Mr. Powers and Mr. Hohenlohe."

I take it that is the complete list of those whose statements you reviewed?

Mr. Humelsine. Yes, Mr. Chairman, that is. What happens, the committee receives the statements ahead of time. They are sent to the individual committee members. The individual committee members study all of the statements, and then they set a meeting in which they go over them carefully.

Based on that examination they report then, their findings to the Board of Regents. We have found no conflict of interest in the top staff.

FINANCIAL DISCLOSURE STATEMENT REVIEWERS

Mr. Yates. Who reviews the conflict of interest statements of your officials other than those whose names I have just listed?

Mr. Humelsine. From there that is the responsibility of the Secretary as Chief Executive Officer.

Mr. Ripley. Our counsel reviews those.

Mr. Yates. Then it is not the Secretary. It is your counsel.

Mr. Ripley. I delegate it to the counsel.

Mr. Yates. Go ahead.

OPENING STATEMENT

Mr. Humelsine. Information on these committees as well as on the overall responsibilities of the Board is provided in the published Bylaws of the Board of Regents and Charter Provisions of the Smithsonian Institution. A new edition of this booklet has just been published and forwarded to the committee.

Over the past several years, a number of actions have been taken to strengthen the Smithsonian's communications on its program
and financial operations with the public, the Office of Management and Budget, the Congress, and with other interested organizations. Full reports on actions taken by the Regents are provided to the press, to appropriate committees of Congress, and to others. I have mentioned the consolidated budgets approved by the Board which describe in detail the sources and uses of all funds. The annual update of the Five-Year Prospectus, considered by the Board with the budget, serves to communicate program directions and priorities. The Institution’s internal audit staff and independent public accounting firm have direct relationships with the Audit and Review Committee.

I should note that the budget before you contains a comprehensive audit of all Smithsonian funds, the traditional audit of nonappropriated trust funds by the public accounting firm have been extended in fiscal year 1982 to cover appropriated funds as well, which I think is an important new step.

Mr. Yates. Okay.

INVESTMENT COMMITTEE

Mr. Humelsine. Mr. Chairman, that completes my statement, but I would not wish to close without thanking this committee for its thoughtful and strong support of what has become a vital national service organization.

I would be pleased to respond to any questions. I would like to make, if it meets your approval, a few comments about the special committees. For example, the investment committee. The investment committee is made up of a distinguished group of largely outside members.

We have three managers of our $90 million portfolio, and we have achieved a 17 percent compound return over the last five years, which I think—

Mr. Yates. That is very good. As I remember what it was prior to the last five years, I think it wasn’t quite that.

Mr. Humelsine. No, it wasn’t quite that. I think most of us would be satisfied with that sort of return. The audit and review—

Mr. Yates. Are any of your curators helping?

AUDIT AND REVIEW COMMITTEE

Mr. Humelsine. No, sir. But Mr. Hohenlohe is not bad in the financial field. I think he is a great treasurer. The Audit and Review Committee is a fairly new development. I think it started in 1979.

I think it is largely a result of consideration by the Chancellor, the Chief Justice, and by Mr. Webb and Senator Jackson.

From 1979 on, we have had an Audit and Review Committee of the Board. They meet regularly. They not only look at audits, but they also look at programs. From time-to-time they look at and review the operations and aspects of the museum’s work. The Personnel Committee I have already referred to, I think it is a very worthwhile effort.
REVISED STANDARDS OF CONDUCT STATEMENT

We have a new statement, I believe I am correct, Mr. Secretary, we just now have a new statement on standards of conduct which will be sent to, I assume, every employee of the Smithsonian.

Mr. Yates. What provoked that?

Mr. Humelsine. Sir?

Mr. Yates. What provoked the new statement?

Mr. Humelsine. Updating the old statement.

Mr. Ripley. The last was 1968.

Mr. Humelsine. I suppose I have to be in all candor with you, I assume that the gem business may have caused us to take another look.

Mr. Yates. How has it changed?

Is Mr. Hughes going to tell us? How do the two requirements differ?

Mr. Hughes. Mr. Powers can talk to that. I think the simplest thing would be to furnish for the record a sequence of statements.

Mr. Yates. Is this 5 inch stock of material your new conflict of interest regulations?

Mr. Hughes. No, sir. Those are principally two things. One, the collection management policies of the different museums. Secondly, a record of the accessions and deaccessions.

Mr. Ratchford. Is that the abridged or unabridged edition?

Mr. Hughes. That is the unabridged edition. We have some summaries which are, I guess, the abridged edition.

Mr. Yates. The conflict of interest statement?

Mr. Hughes. It is not there. The collection management policy deals with those kinds of questions.

Mr. Yates. Is the new conflict of interest guideline in effect, or is it in draft?

Mr. Ripley. It has been signed.

Mr. Yates. Signed by whom?

Mr. Ripley. By the top management which we keep referring to, Mr. Chairman, including myself.

Mr. Yates. What does that mean, by top management?

Mr. Ripley. We have all reviewed it. Well, there is a secretary.

Mr. Yates. Yes.

Mr. Ripley. There is an under secretary. There is a treasurer.

Mr. Yates. Are all of you required to sign this?

Mr. Hughes. We have reviewed the standards of conduct and the collections management policies as an entity. The Secretary's executive committee—those people whose names you read—have reviewed these matters collectively prior to the Secretary acting.

Mr. Yates. Is that conflict of interest regulation applicable only to the people whose statements are reviewed by the Personnel Committee?

Mr. Ripley. No, sir.

Mr. Yates. Or is it applicable throughout the Smithsonian?

Mr. Hughes. Applicable throughout the Institution.

Mr. Yates. To all employees, or to the executives, from the top level through the mid-level and lower level?

Mr. Hughes. All.
Mr. Yates. Is it equally applicable to the top executives as well as to the lower employees?
Mr. Ripley. Yes, sir.
Mr. Yates. In other words, there are no distinctions for those who have a greater responsibility in the administration of the Smithsonian?
Mr. Hughes. The same general standards apply.
Mr. Yates. Well, we better take a look at it. Have you got a copy of it for the record?
Mr. Hughes. We can provide it.
Mr. Humelsine. If you don't, I have.
Mr. Yates. All right. At this point in the record we will introduce the conflict of interest statement.
[The information follows:]
Revised Standards of Conduct for Smithsonian Employees

The standards governing the conduct of employees are based on principles of trust law, and on federal conflict of interest laws and civil service regulations, to the extent applicable. Written Standards of Conduct, covering Smithsonian civil service employees, were first promulgated in 1966 and revised in 1968. In 1974 the Standards of Conduct were made applicable to trust fund employees.

In May 1979, the Regents approved a revised financial reporting form for employees (S.I. Form 1085, attached), and established the Regents' Personnel Committee, which reviews the financial disclosure forms filed by senior Smithsonian staff members. A draft of revised Standards of Conduct was reviewed at a joint meeting of the Regents' Audit and Review and Personnel Committees in October 1981, and a further revision was presented at a joint meeting of those Committees in October 1982. The suggestions received have been incorporated in the final O.M. 688 (Rev.), attached.

The basic principles of honesty, integrity, and loyalty to the Institution are not new and are stated at the beginning of the Standards. The sections which follow offer guidance to the employee in applying these principles to specific situations, particularly those involving gifts, financial interests, and a broad range of outside activities. As in the past, the primary responsibility rests with the individual employee to be familiar with the Standards and to make use of the procedures provided therein to secure advice prior to engaging in any activity which might violate or appear to violate the Standards.

These revised Standards include, at Section 10, the requirements for "Employees' Statements of Employment and Financial Interests." Over 300 employees who occupy positions with authority to make commitments of institutional resources
are required to fill out and sign these statements annually. In response to Mr. Humelsine's suggestion, the language on the form which precedes the employee's signature will be amended to include the affirmation that the employee has read and understands the revised Standards of Conduct:

"I have read and understand the statement of my obligations as a Smithsonian Institution employee as explained on this form and in the current Smithsonian Standards of Conduct. . . ."

A copy of the Standards of Conduct will be provided to each of these employees along with the annual reporting form.

The following motion is suggested:

VOTED that the Board of Regents approves the actions of the Secretary in revising and reissuing the Standards of Conduct for Smithsonian employees.
TO: All Smithsonian Employees

SUBJECT: Revised Smithsonian Standards of Conduct

Attached is a copy of the revised Standards of Conduct which apply to all Smithsonian employees and supersede those which were promulgated in 1968 for civil service employees and made applicable to trust fund employees in 1974. These Standards incorporate the basic principles and guidelines of the earlier Standards, clarify the procedures to be followed in implementing these principles, and provide additional guidance in areas such as personal collecting and other outside activities.

As in the past, the primary responsibility rests with the individual employee to be familiar with these Standards, to act in accordance with them, and to seek guidance prior to engaging in any activity which might not be consonant with the principles or specific provisions set forth in the Standards. Such guidance must be provided by bureau directors and other supervisors and professional staff, as well as the Ethics Counselors, to assure that the Standards will be effective in protecting the individual employee and the Institution.

The General Counsel is Ethics Counselor for the Institution, and Robert A. Dierker, George S. Robinson, and Alan D. Ullberg of the Office of the General Counsel have been designated as additional Ethics Counselors to assist employees as provided in the Standards.

S. Dillon Ripley
Secretary

CANCELATIONS: OM 254 dated 12/10/58
OM 688 (Rev) dated 2/14/68

INQUIRIES: Office of the General Counsel

RETENTION: Indefinite. This office memorandum is subject to review for currency 18 months from the date hereof.

FILING INSTRUCTIONS: File this office memorandum in numerical sequence with other current office memoranda.
# Standards of Conduct

## Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1$ Loyalty And Conflicts Of Interest</td>
<td>1</td>
</tr>
<tr>
<td>$2$ Compliance, Clearance, Interpretation And Advice</td>
<td>1</td>
</tr>
<tr>
<td>$3$ Remedial Action And Discipline</td>
<td>2</td>
</tr>
<tr>
<td>$4$ Federal Laws Relating To Employee Conduct</td>
<td>2</td>
</tr>
<tr>
<td>$5$ Gifts, Entertainment, And Favors From Outside Sources</td>
<td>3</td>
</tr>
<tr>
<td>(a) General Institution policy</td>
<td>3</td>
</tr>
<tr>
<td>(b) Federal law of bribery and illegal gratuities</td>
<td>3</td>
</tr>
<tr>
<td>(c) Exceptions</td>
<td>3</td>
</tr>
<tr>
<td>(d) Gifts and decorations from foreign governments</td>
<td>4</td>
</tr>
<tr>
<td>$6$ Unauthorized Solicitations And Gifts By Employees</td>
<td>4</td>
</tr>
<tr>
<td>(a) Individual solicitations and sales by employees</td>
<td>4</td>
</tr>
<tr>
<td>(b) Gifts to supervisors</td>
<td>4</td>
</tr>
<tr>
<td>$7$ Outside Activities</td>
<td>4</td>
</tr>
<tr>
<td>(a) Voluntary and professional activities</td>
<td>5</td>
</tr>
<tr>
<td>(b) Political activities</td>
<td>5</td>
</tr>
<tr>
<td>(c) Use of Smithsonian name or official title</td>
<td>5</td>
</tr>
<tr>
<td>(d) Paid outside employment that is related to Smithsonian employment</td>
<td>5</td>
</tr>
<tr>
<td>(e) Writing or speaking about the Smithsonian</td>
<td>6</td>
</tr>
<tr>
<td>(f) Outside work and dual compensation</td>
<td>6</td>
</tr>
<tr>
<td>(g) Smithsonian contracts with employees and relatives of employees</td>
<td>6</td>
</tr>
<tr>
<td>(h) Employment or positions with foreign governments</td>
<td>6</td>
</tr>
<tr>
<td>(i) Personal acquisition of museum objects</td>
<td>6</td>
</tr>
<tr>
<td>(j) Dealing in museum objects, materials, or specimens</td>
<td>7</td>
</tr>
<tr>
<td>(k) Appraisals of museum objects</td>
<td>7</td>
</tr>
</tbody>
</table>
§ 8 Restrictions On Activities After Leaving Smithsonian Employment
(a) Lifetime restriction on certain activities
(b) Two year restriction on other activities

§ 9 Prohibitions On Official Actions That Could Affect An Employee's Financial Interests

§ 10 Employees' Statements Of Employment And Financial Interests
(a) Criteria for filing the financial statement
(b) Protests with respect to filing confidential statements
(c) Effect of filing a financial statement
(d) Interests of employees' relatives
(e) Review of financial statements

§ 11 Reimbursements By Outside Organizations For Travel Expenses By Employees While On Institution Business
(a) Procedures for approval of reimbursements and their sources
(b) Limitations on reimbursements for travel on Institution business

§ 12 Use of Smithsonian Property Or Funds
(a) Prohibition on private uses
(b) Ownership of data and materials prepared by the Institution
(c) Laws applying to misuse of Smithsonian funds

§ 13 Restrictions On Disclosure Of Information

§ 14 Financial Responsibility

§ 15 Gambling, Betting, Lotteries, And Lending Money
(a) Gambling
(b) Lending money for gain

§ 16 Borrowing Money From Subordinates

§ 17 Exceptions To These Standards
§ 1 LOYALTY AND CONFLICTS OF INTEREST

Employees shall maintain high standards of honesty, integrity, and loyalty to the Institution and shall refrain from any private or personal activity which might conflict, or appear to conflict, with the interests of the Institution.

Employees must avoid any action, whether or not specifically dealt with in these Standards, which might result in, or create the appearance of:

--using Smithsonian employment for private gain;
--giving preferential treatment to any person;
--losing complete independence or impartiality of action;
--affecting adversely the confidence of the public in the integrity of the Institution.

Employees shall not directly or indirectly make use of or permit others to make use of, for the purpose of furthering a private interest, information obtained through their Smithsonian employment which is or would be unavailable to scholars or the general public.

§ 2 COMPLIANCE, CLEARANCE, INTERPRETATION AND ADVICE

It is the responsibility of individual employees to conduct themselves and all their activities in compliance with the general principles and specific provisions of these Standards. If there is any doubt whether the activities or planned activities of an employee are in compliance with these Standards, it is incumbent upon the employee to seek advice from his/her supervisor, bureau or office head, and from a Smithsonian Ethics Counselor. A number of activities specified in these Standards require prior clearance.

The General Counsel is Ethics Counselor for the Institution and its employees on Standards of Conduct and conflict of interest matters. The General Counsel will designate one or more attorneys on the staff as additional Ethics Counselors, and employees should consult an Ethics Counselor in advance regarding the propriety of their activities.

Employees may appeal rulings by the Ethics Counselor to a committee convened by the Under Secretary. The committee shall be composed of the director of the employee's bureau or office, the Assistant Secretary with jurisdiction over that bureau or office, the Assistant Secretary for Administration, and the Under Secretary. The employee may appear before the committee, or make a written submission. The determination by this committee shall be final. The Ethics Counselor shall meet with the committee but shall not vote.
§ 3 REMEDIAL ACTION AND DISCIPLINE

An employee's failure to comply with these Standards is cause for remedial or disciplinary action. Action may include but is not limited to:

--change in assigned duties;
--the employee's divestment of any conflicting interest;
--disqualification for a particular assignment;
--appropriate discipline including removal.

§ 4 FEDERAL LAWS RELATING TO EMPLOYEE CONDUCT

Apart from disciplinary or remedial action by the Institution arising from violation of these Standards, civil and criminal penalties may be imposed for violation of the federal statutes referred to in these Standards to the extent that such statutes are applicable to civil service or trust fund employees. Employees should also be aware of the statutory prohibitions against:

(3) Employment of a member of a Communist organization (50 U.S.C. § 784).
(6) Misuse of a federal vehicle (31 U.S.C. § 638a(c)).
(8) Use of deceit in an examination or personnel action in connection with federal employment (18 U.S.C. § 1917).
(9) Fraud or false statements in a matter involving the United States (18 U.S.C. § 1001).
(10) Mutilating or destroying a public record (18 U.S.C. § 2071).
(12) Employees acting as the agent of a foreign principal registered under the Foreign Agents Registration Act (18 U.S.C. § 219).
(13) Appointing, employing, promoting, or advancing a relative or advocating such actions for a relative (5 U.S.C. § 3110).

(15) Representing others or accepting payment in matters involving the Institution or the United States (18 U.S.C. §§ 201, 203).

§ 5 GIFTS, ENTERTAINMENT, AND FAVORS FROM OUTSIDE SOURCES

(a) General Institution Policy

Employees are prohibited from soliciting or accepting gifts from individuals, businesses, or other organizations with whom they have or expect to have official business as Smithsonian employees. Gifts include objects, financial interests, entertainment, favors, discounts, travel, lodging, meals or other arrangements advantageous to the employee. Gifts from such sources to or for the benefit of members of an employee's immediate family or household are also prohibited, unless the recipient has a relationship with the donor which is independent of the Smithsonian employee's official relationship with the outside donor.

(b) Federal Law of Bribery and Illegal Gratuities

Employees may be subject to criminal penalties if they solicit, accept, or agree to accept anything of value in return for being influenced in performing or in refraining from performing an official act. (See 18 U.S.C. § 201, subsections (a)-(c).) An employee shall not solicit or accept, directly or indirectly, any gift, gratuity, discount, favor, entertainment, loan, or any other thing of monetary value from a person who: (1) Has, or is seeking to obtain, contractual, business, financial, or any other official relationship with the Smithsonian, or (2) has interests that may be substantially affected by the performance or nonperformance of the employee's official duty (see 18 U.S.C. §§ 201, 203). Employees may not receive or agree to receive anything of value in connection with any official action performed or to be performed (see 18 U.S.C. § 201, subsection (f)).

(c) Exceptions

The following are general exceptions to paragraphs (a) and (b) of this section:

(1) When the circumstances make it clear that the employee has a family or personal relationship (such as that between the employee's parents, children, or spouse and the employee), rather than official business with the persons concerned, it is permissible to accept gratuities, favors, entertainment, or any other thing of monetary value.

(2) Food and refreshments of modest value may be accepted by an employee on infrequent occasions in the ordinary course of Smithsonian business such as a luncheon or dinner meeting.
(3) Loans from banks or other financial institutions with which the Institution may be accepted on customary terms to finance proper and usual personal requirements of employees such as financing an employee’s home.

(4) Unsolicited advertising or promotional material such as pens, pencils, note pads, calendars, and other items of modest intrinsic value may be accepted.

(d) Gifts and Decorations from Foreign Governments

An employee shall not accept a gift, present, decoration or other thing from a foreign government except in accordance with the standards and procedures set forth in Smithsonian Office Memorandum 826, Acceptance of Foreign Gifts and Awards, and in 5 U.S.C. § 7342.

§ 6 UNAUTHORIZED SOLICITATIONS AND GIFTS BY EMPLOYEES

(a) Individual Solicitations and Sales by Employees

Employees shall not solicit or promote the sale of tickets, stocks, articles, commodities, or services on Institution premises. Placing advertisements or notices on bulletin boards or in publications provided for these purposes by the Institution is permitted, and employees may participate in the promotion and sales activities of the Smithsonian Recreation Association.

(b) Gifts to Supervisors

Employees shall not solicit contributions from other employees for a gift to an official superior, make a donation as a gift to an official superior, or accept a gift from an employee receiving less pay than himself/herself (see 5 U.S.C § 7351). Voluntary gifts of nominal value made on a special occasion such as marriage, illness or retirement are permitted.

§ 7 OUTSIDE ACTIVITIES

Employees are entitled to independence in their personal activities, subject to their duty of loyalty to the Institution. This duty requires each employee to ensure that any outside activity:

--is compatible with the full and proper discharge of the responsibilities of his/her Smithsonian employment;

--will not be construed by the public as the official action of the Institution;

--will not adversely affect the Institution;

--will not impair the employee's mental or physical capacity to perform his/her Smithsonian duties in an acceptable manner;
will not create a conflict of interest or give the appearance of a conflict of interest.

The following specific rules and policies are not intended to cover all instances to which these Standards apply and do not relieve the employee of his/her obligation to seek consultation, and clearance if necessary, in all cases of outside activities which are similar or related to his/her Smithsonian employment or might affect the Institution. Work performed by an employee for another Smithsonian unit, apart from his/her regular duties, is not considered outside employment for purposes of these Standards.

(a) Voluntary and Professional Activities

Smithsonian employees are encouraged to participate in the affairs of charitable, educational, religious, public service, professional and other voluntary organizations. Employees may not solicit or proselytize for such organizations during Smithsonian duty hours, or attempt to use in any way the name, reputation, property or facilities of the Smithsonian Institution for the benefit of such organizations. The latter prohibitions do not apply to professional organizations and institutions (such as the American Association of Museums and other recognized academic or scientific organizations) with which the Smithsonian or one of its divisions has a supporting or cooperative relationship, charitable solicitations which are endorsed by the Institution, or recognized employee union activities.

(b) Political Activities

Employees may participate, as private citizens, in the activities of political groups. However, participation by any Smithsonian employee in partisan political campaigns is restricted by Institution policy (Office Memorandum 507).

(c) Use of Smithsonian Name or Official Title

No employee should use or permit the use of his/her official Smithsonian title, the name "Smithsonian Institution," or other designation of the Institution or any unit, division, or department thereof, in connection with outside activities. Use of an employee's official title may be permitted, solely for purposes of professional identification, in connection with an employee's unpaid nonprofit activities with the approval of his/her bureau or office head and the Smithsonian Ethics Counselor. Use of an employee's official title is permitted on the title page of a non-Smithsonian scholarly, educational or professional publication written by the employee. Questions related to use of official titles should be directed to the General Counsel or Ethics Counselor.

(d) Paid Outside Employment That Is Related to Smithsonian Employment

Because of the potential for conflicts with these Standards, prior to engaging in any outside professional employment for pay (including consulting, teaching, lecturing, or writing) which is similar or related to his/her Smithsonian responsibilities, an employee should request clearance in writing from the head of his/her bureau or office and the Smithsonian Ethics Counselor.
(e) Writing or Speaking about the Smithsonian

Employees shall not receive compensation or anything of monetary value for any outside consultation, lecture, discussion, writing, or appearance, the subject matter of which is the Smithsonian itself, its collections, programs or operations, unless approved by the appropriate Assistant Secretary or other member of the Executive Committee, and the Under Secretary.

(f) Outside Work and Dual Compensation

All outside work should be carried out on an employee's personal time apart from his/her Smithsonian duty hours. The receipt of additional compensation from any source for work carried out during time for which the employee already is being paid by the Institution is not permitted, and may subject the recipient to fines and imprisonment (see 18 U.S.C. § 209).

(g) Smithsonian Contracts with Employees and Relatives of Employees

A Smithsonian employee who is additionally engaged by the Institution as a contractor for special services or products outside the scope of his/her regular Smithsonian duties, should be certain that the contractual obligations will be incurred and all the work performed, in conformance with applicable policy statements as set forth in section 4(a), Chapter 5, Smithsonian Handbook for Auxiliary Activities, SSH 340. Such special contractual work must be carried out on an employee's personal, non-duty time.

Contracts between the Smithsonian Institution and relatives of Smithsonian employees may give rise to conflicts of interest or give the appearance of favoritism, and may be entered into only after review and approval by the Assistant Secretary for Administration.

(h) Employment or Positions with Foreign Governments

Smithsonian employees may not become employees of or accept positions with any foreign government (see U.S. Constitution, Article 1, section 9, clause 8). Employees must consult with the Ethics Counselor prior to making any commitment to perform services for a foreign government or any of its departments.

(i) Personal Acquisition of Museum Objects

Employees should avoid acquiring important museum objects in direct competition with the collecting activities of any of the museums or departments of the Institution. Direct competition would exist when an employee knows or has reason to believe that a Smithsonian bureau or department would acquire the object for the National Collections if aware of the opportunity. In such cases the employee shall discuss the matter with his/her bureau or office head, the appropriate curator or museum director, and the Ethics Counselor. If the conflict, or appearance thereof, is substantial, clearance should be obtained, for the protection of the employee and the Institution. In cases where the conflict cannot be resolved in other ways, clearance may require providing the Institution the opportunity to purchase or otherwise acquire the object, or, if already acquired by the employee, a reasonable time for the Institution to decide whether
to obtain the object from the employee upon payment of his/her costs of acquisition. Smithsonian personnel who are directly responsible for acquiring objects for Institution collections, must obtain clearance to acquire personally any object, material, or specimen which is within the scope of the collections for which they are responsible.

Clearance is not required for objects received by employees as bequests, or for gifts which can be accepted pursuant to Section 5(c) of these Standards.

(i) Dealing in Museum Objects, Materials, or Specimens

Smithsonian personnel who are directly responsible for acquiring objects for Institution collections shall not deal (buy and sell for profit on a regular basis or maintain an interest in any dealership) in objects, materials, or specimens similar to those collected by the museum or bureau in which they are employed. Any other dealing by Smithsonian employees in objects of the type collected by museums requires prior clearance by the bureau or office head and the Ethics Counselor.

(k) Appraisals of Museum Objects

Employees may not make appraisals (statements as to monetary value) of objects, materials, or specimens of the types collected by museums. Appraisals may be made solely for internal Smithsonian use, such as insurance valuations for loans.

§ 8 RESTRICTIONS ON ACTIVITIES AFTER LEAVING SMITHSONIAN EMPLOYMENT

Employees should be aware that conflicts of interest and the appearance of conflicts may arise, if they are involved with matters as employees which may benefit them financially after their Smithsonian service has ended. Such questions should be discussed with appropriate Smithsonian officials and the Ethics Counselor.

(a) Lifetime Restriction on Certain Activities

A person shall not, at any time after his/her Smithsonian employment has ended, represent anyone other than the Smithsonian Institution in connection with a matter in which the Smithsonian is a party or has a direct interest, and in which he/she participated personally and substantially while employed by the Institution (see 18 U.S.C. § 207).

(b) Two Year Restriction on Other Activities

A person shall not, for two years after his Smithsonian employment has ended, represent or aid, counsel, or assist in representing anyone other than the Smithsonian or the United States in connection with a matter in which the Smithsonian Institution or the United States is a party or has a direct and substantial interest, and which was under his/her official responsibility (but in
which he/she did not participate personally and substantially during the last year of his/her Smithsonian employment (see 18 U.S.C. § 207).

§ 9 PROHIBITION ON OFFICIAL ACTIONS THAT COULD AFFECT AN EMPLOYEE'S FINANCIAL INTERESTS

Employees shall not participate in their official capacities in any matter in which they, their spouse, minor child, or an outside business associate or organization (profit or nonprofit) with which they are connected or are negotiating employment, have a financial interest (see 18 U.S.C. § 208). Shares held in a widely diversified mutual or similar fund, or an insignificant number of shares in a corporation, are exempt as being too remote or inconsequential to affect the integrity of an employee's services. Each employee shall, whenever a question might be raised concerning the influence of financial interests on the integrity of his/her official services, request administrative approval to participate in the matter. Requests for approvals under this section should be sent to the Under Secretary through the bureau or office head and the Ethics Counselor.

§ 10 EMPLOYEES' STATEMENTS OF EMPLOYMENT AND FINANCIAL INTERESTS

(a) Criteria for Filing the Financial Statement

A confidential financial disclosure statement (form SI-1085) must be filled out for each year, by certain designated persons who occupy Smithsonian positions with power to make commitments of institutional resources of any type, or with authority to recommend commitments that generally are accepted by supervisors and can affect businesses, individuals, or organizations outside the Institution. This includes authority to:

--recommend or make purchases of supplies, equipment, or services;

--review or approve a contractor's performance;

--arrange for the exhibit of objects or otherwise commit the resources, reputation or name of the Smithsonian Institution.

(b) Protests with Respect to Filing Confidential Statements

Any employee who believes that his/her position has been improperly included as one requiring the submission of a Statement of Employment and Financial Interests is encouraged to discuss the matter with the Ethics Counselor, and, if not satisfied, shall be given an opportunity for review of his/her complaint. The final determination to require an employee to file a Statement will be made by the Assistant Secretary for Administration.
(c) Effect of Filing a Financial Statement

The filing of a required financial statement and the disclosure of certain financial or other interests does not in any way exempt the employee from full compliance with these Standards, or from any disciplinary action as a result of noncompliance. For example, the listing of an outside employment does not relieve the employee of the obligation to seek consultation, and clearance if necessary, to ensure that the employment does not involve a conflict of interest or an appearance of conflict.

(d) Interests of Employees' Relatives

Each employee's report must include information, as called for in each section, concerning his/her income, and property interests of a spouse or dependent child, as well as certain gifts and reimbursements they may have received. "Dependent child" includes any child or stepchild under age 21 who lives in the employee's household, or any child or stepchild who was claimed as a dependent on the employee's income tax returns. Employees need not report the interests of a spouse with whom they do not reside, unless he/she is a dependent.

(e) Review of Financial Statements

The Ethics Counselor shall review the Confidential Statements of Employment and Financial Interests submitted by employees. When this review indicates a conflict between the interests of an employee and his/her responsibilities in the performance of his/her services for the Institution, the Counselor will bring the conflict to the attention of the employee and attempt to resolve the situation. If the conflict cannot be resolved after discussing it with the employee, the counselor shall forward to the Under Secretary a written report on the conflict. The Under Secretary shall decide what, if any, remedial or disciplinary action is required to end the conflict or appearance of conflict.

§ 11 REIMBURSEMENTS BY OUTSIDE ORGANIZATIONS FOR TRAVEL EXPENSES BY EMPLOYEES WHILE ON INSTITUTION BUSINESS

Where activities are carried out or work performed for outside organizations as a part of an employee's Smithsonian duties (such as participation in conferences or seminars sponsored by other museums or professional organizations) employees may accept directly from the outside organization reimbursement for expenses of travel, accommodations and subsistence, and such other necessary reimbursement for which no Smithsonian reimbursement is made.

(a) Procedures for Approval of Reimbursements and Their Sources

Advance approvals for reimbursements directly to the employee must be obtained pursuant to the procedures outlined in Smithsonian Office Memorandum 722 (rev.), Financial Support From Outside the Smithsonian, General Guidelines § 11. Such reimbursements, accommodations, or travel expenses may be accepted
only from organizations exempt from taxation under section 501(c)(3) of 26 U.S.C. (see Smithsonian Travel Handbook, SSH 320, Chapter 4, Part 3, and 5 U.S.C. § 4111).

(b) Limitations on Reimbursements for Travel on Institution Business

Employees may not be reimbursed, or payments made on their behalf, for excessive personal living expenses, gifts, entertainment or other personal benefits. Payment or reimbursement may not be accepted from any organization for the travel and related expenses of a spouse or other individual who is not an Institution employee and accompanies the employee while the Smithsonian activity is performed, but who does not participate substantially in the activity which requires the travel. Such individuals may be provided, or may accept, food and incidental benefits of nominal value.

§ 12 USE OF SMITHSONIAN PROPERTY OR FUNDS

(a) Prohibition on Private Uses

Employees shall not use or allow to be used, directly or indirectly, Institution property of any kind for other than officially approved activities. Employees who engage in outside activities, paid or unpaid, must be particularly scrupulous to avoid any use of Institution property, equipment or services, in carrying out such activities.

(b) Ownership of Data and Materials Prepared by the Institution

Manuscripts, lectures, and all other materials prepared by an employee within the scope of his/her employment are the property of the Institution (see 17 U.S.C. §§ 101, 201, and 105). Employees should seek the advice of the General Counsel or the Ethics Counselor before agreeing to author as a private individual any publication that substantially draws upon materials prepared in the course of carrying out Smithsonian responsibilities.

(c) Laws Applying to Misuse of Smithsonian Funds

--Embezzlement or conversion of public money, property, or records to one's use (18 U.S.C. § 641);

--taking or failing to account for public funds with which an employee is entrusted in his official position (18 U.S.C. § 643);

--embezzlement or conversion of money or property in the possession of an employee by reason of his/her employment (18 U.S.C. § 654).

§ 13 RESTRICTIONS ON DISCLOSURE OF INFORMATION

Unless specifically authorized to do so, employees will not disclose any official Smithsonian information which is of a confidential nature or which represents a matter of trust, or any other information of such character that its
disclosure might be contrary to the best interests of the Institution, e.g., private, personal, or business related information furnished to the Smithsonian in confidence. Security and investigative data for official use only shall not be divulged to unauthorized persons or agencies.

§ 14 FINANCIAL RESPONSIBILITY

An employee shall pay each just financial obligation in a proper and timely manner, especially one imposed by law, such as Federal, State, or local taxes. For the purpose of this section, a "just financial obligation" means one acknowledged by the employee or reduced to judgment by a court. If there is a dispute between an employee and an alleged creditor, the Smithsonian will not determine the validity or amount of the disputed debt. The Institution has statutory obligations with respect to the attachment of employee wages or salary for enforcement and collection of child support and alimony obligations (42 U.S.C. § 659).

§ 15 GAMBLING, BETTING, LOTTERIES, AND LENDING MONEY

(a) Gambling

No employee shall participate, while on Institution premises or while on duty for the Smithsonian, in any gambling activity, including, but not limited to, the operation of a gambling device, conducting a lottery or pool, involvement in a game for money or property, or in selling or purchasing a numbers slip or ticket.

(b) Lending Money for Gain

While on duty, or while on Smithsonian Institution premises, employees are forbidden to lend money to anyone under any arrangements for the purpose of monetary profit or other gain. This prohibition is not applicable to operations of a recognized employee credit union or employee welfare plan.

§ 16 BORROWING MONEY FROM SUBORDINATES

No supervisor may borrow money from subordinates, nor shall he/she request or require any subordinate to co-sign or endorse a personal note.

§ 17 EXCEPTIONS TO THESE STANDARDS

If any situation arises in which it would appear contrary to the best interests of the Institution, or cause undue hardship to an individual, to apply these Standards, a request for exception with full disclosure of the relevant facts should be forwarded to the Ethics Counselor. The Ethics Counselor or the General Counsel shall consult with the Under Secretary who may make exceptions to these Standards in the best interests of the Institution, to the extent allowed by applicable laws.
STANDARDS OF CONDUCT STATEMENT

Mr. Ratchford. Mr. Chairman, the committee obviously should know how communication is effectuated between management and those affected by the—-

Mr. Yates. Oh, you are opening up a deep wound, sir. Let's wait until he finishes the statement. We will pass it over temporarily.

Mr. Humelsine. Mr. Chairman, I think it is so important that I might comment on it.

Mr. Yates. All right. Now has that been approved by the Regents or just top management?

Mr. Humelsine. The standards of conduct, the old one, was approved by the Regents. The new one will go before the Regents at their upcoming meeting for approval. But there are two documents involved in this.

If this is handled carefully, I think it goes a long way to assure the—-

FINANCIAL DISCLOSURE STATEMENT

Mr. Yates. Mr. Humelsine, will you hold just a moment? I think we better get Judge Powers up here, too, because I think he may want to testify a few times during the course of this.

Mr. Humelsine. You have these two documents, Mr. Chairman. The standards of conduct lay out the conduct for each employee of the Smithsonian. As a result of his reading this, he makes out a confidential statement of employee and financial interests.

Now, this is—-

Mr. Yates. Who makes that out?

Mr. Humelsine. Each one of the employees makes this out; correct?

Mr. Ratchford. Is that an annual requirement?

Mr. Humelsine. That is an annual requirement. This is what the Personnel Committee does for the top staff. I am assuming that this takes place down the line with the other employees. The combination of these documents is a very important part of assuring ourselves that we do not have to worry about any conflict of interest.

STANDARDS OF CONDUCT STATEMENT

 Mr. Yates. Your minutes for the last three Regents’ meetings do not show that the conflict of interest guideline was reviewed.

Mr. Humelsine. It has not been. That has been in effect for—-

Mr. Yates. So the conflict of interest discussion did not take place until after the articles appeared—-

Mr. Powers. No.

Mr. Ripley. No, sir.

Mr. Humelsine. No, sir, Mr. Chairman.

Mr. Yates. Tell us about that.

Mr. Humelsine. There has been in effect a conflict of interest statement which was put in effect a number of years ago.

Mr. Yates. This is the one that is being revised.

Mr. Humelsine. That is being revised. That statement has just been revised, and, as I understand, approved by the Secretary and
the top staff, and that will go to the Regents for consideration at their upcoming meeting.

Mr. Yates. He is shaking his head. Your lawyer is shaking—

Mr. Powers. I don't want to contradict. I want to amplify what Mr. Humelsine has said. The revision of what are called “standards of conduct” has been going on for three or four years.

It was discussed, and was reflected in the minutes of several Regents' meetings, by the Audit and Review Committee on two different occasions.

Mr. Yates. In 1972 and in 1982?

Mr. Powers. Yes, there was one last year, early last year, about a year ago. They looked at what was nearly the final draft and made some suggestions.

Other staff made some suggestions. I think it is coincidental, in fact, I am sure of it, because my office has drafted it and I wrote a good deal of it myself. It had nothing to do with the articles as such. It happened to come to a head at this point. Those changes that were recommended——

Mr. Yates. Helped a little bit by the articles?

Mr. Ripley. No, sir. The revisions are resulting from, I think, standards started rather officially in 1968. These have been updated as time went on irrespective of outside considerations.

Mr. Yates. Would you please furnish to the committee, when you can, copies of minutes of the Regents' meetings which show consideration by the Regents of this subject?

Mr. Ripley. Yes, we would be happy to extract——

Mr. Yates. Since 1968. We don't find any in the last three Regents' meetings.

Mr. Powers. What it will show that the Regents' Audit and Review Committee considered these and simply reported that fact to the Regents.

Mr. Yates. That they had considered it?

Mr. Powers. Yes.

Mr. Ratchford. Mr. Chairman.

[The information follows:]
INDEX

Summary of Proceedings .......................................... i - vii
Attendance .......................................................... 1
Minutes of the Meeting of September 14, 1981 .................. 2
Report of the Executive Committee ............................... 2
Report of the Audit and Review Committee ..................... 4
Report of the Personnel Committee ............................. 18
Financial Report .................................................... 20
Report of the Investment Policy Committee ..................... 36
Five-Year Prospectus, FY 1983-87 .................. 42
Quadrangle Development ............................................ 47
Museum Support Center .............................................. 51
National Portrait Gallery Commission ........................... 56
National Museum of American Art Commission ................. 57
Equal Opportunity Program ....................................... 66
Memorial to Dr. Silberglied ....................................... 80
Regents' Fellows .................................................... 81
Status Reports:

Other Major Construction Projects .............................. 82
Legislation .......................................................... 85
Litigation ........................................................... 87
National Human Studies Film Center ......................... 91
Television .......................................................... 92
Smithsonian Science Information Exchange .................. 93
Executive Session .................................................. 94
Adjournment ........................................................ 94
Regents' Dinner .................................................... 94
Next Meetings ...................................................... 94

Report of the Audit and Review Committee

It was pointed out that the Audit and Review Committee met with the Personnel Committee on October 14 and met again on December 2, 1981. As the attached minutes of those meetings indicate, the Committee has made good progress in its "review capacity" and has also paid close attention to auditing matters. In these meetings the Committee made several recommendations to the Board which were summarized for the Regents.

Originating from discussion at the Committee's May 4, 1981 meeting, further consideration was given in the fall meetings to a proposed indemnification bylaw and to an accompanying insurance policy. Attached to the minutes of the October 14 meeting is a proposed Resolution to indemnify Smithsonian Regents, officers, and employees for liabilities and expenses attendant upon service for the Institution. It was proposed that the Resolution be incorporated by reference into a new Regents' bylaw, subsection 2.09, which contains only a summary reference to the indemnification resolution, as follows:

2.09 INDEMNIFICATION

Members of the Board of Regents, officers, or employees of the Smithsonian, may be indemnified for any and all liabilities and reasonable expenses incurred in connection with any claim, action, suit, or proceeding arising from present or past service for the Smithsonian Institution, in accordance with resolutions adopted by the Board.

Accordingly, the following motion was suggested and approved by the Board:

VOTED that the Board of Regents adopts the proposed Indemnification Resolution and the suggested amendment to the Bylaws entitled "2.09 INDEMNIFICATION," and directs the Secretary to have the amended bylaws printed.
In related discussions the Committee reviewed possible insurance to cover such indemnification and recommended the following motion, and it was

VOTED that the Board of Regents directs the Treasurer of the Smithsonian Institution to secure "Directors and Officers" insurance appropriate to the Board's indemnification resolution.

As noted in the following minutes, the Committee felt that the thorough auditing conducted annually on the Smithsonian's trust funds might be extended in a similar manner to an annual audit of the federally-appropriated funds by the Institution's current independent auditors. In short, it was learned that the most efficient and effective audit of the appropriated funds other than that conducted by the General Accounting Office could be conducted by Coopers and Lybrand, in cooperation with Smithsonian's internal Office of Audits. The Committee therefore voted to engage Coopers and Lybrand for such an audit, but in view of the fundamental importance of this matter the Regents adopted the following motion:

VOTED that the Board of Regents recognizes the need for a comprehensive annual audit of the Smithsonian Institution's appropriated funds and endorses actions taken by the Regents' Audit and Review Committee to that end.

It was noted that the accompanying minutes document the Committee's review of a variety of subjects: Coopers and Lybrand's audit of fiscal year 1981 trust funds; Smithsonian procedures for reporting financial interests; draft standards of conduct; museum security; Smithsonian procedures for construction and repair services; and computer services. The Committee plans to visit the Cooper-Hewitt Museum in New York on Saturday, March 13, 1982, and to hold its next meeting on Tuesday, March 23, 1982. Topics will include Coopers and Lybrand's fiscal year 1982 audit plan, the organization of Smithsonian book publishing, and a review of operations at the Smithsonian Tropical Research Institute.
The Regents' Audit and Review Committee met jointly with the Regents' Personnel Committee at 7:00 p.m., Wednesday, October 14, 1981, in the Regents' Room. Present were:

Honorable Henry M. Jackson, Chairman, Audit and Review Committee
David C. Acheson, Vice Chairman, Audit and Review Committee
Honorable Kenneth Rush, Chairman, Personnel Committee
Honorable Norman Y. Mineta
Carlisle H. Humelsine
Honorable George H. Mahon
Honorable Robert B. Morgan

Also present were:

D. Michael Harvey, Assistant to Senator Jackson
Paul Schoellhamer, Assistant to Mr. Mineta
Carroll H. Leggett, Assistant to Senator Morgan

Smithsonian Staff

Phillip S. Hughes, Under Secretary
John F. Jameson, Assistant Secretary for Administration
Christian C. Hohenlohe, Treasurer
James M. Hobbins, Executive Assistant to the Secretary
Peter G. Powers, General Counsel
Alan D. Ullberg, Associate General Counsel
Chris Peratino, Director, Office of Audits
Robert B. Burke, Director, Office of Protection Services
Tom L. Peyton, Director of Facilities Services

Coopers and Lybrand

A. William Mann, Partner-in-charge
Edward A. Bartko, Second Partner
John D. Strom, Engagement Manager
Senator Jackson called the meeting to order in executive session to discuss with Coopers and Lybrand representatives their progress in the current audit of the 1981 trust funds. After introducing Mr. John Strom, newly assigned as Engagement Manager, Mr. Mann informed the Committees that Coopers and Lybrand have been pleased with the cooperation they have received from Smithsonian management. He added that the financial controls continue to be in good order, and that the only important problem area, computer services, has seen good progress.

Mindful of the Regents' responsibilities for the complete range of Smithsonian operations, the Committees took note of the thorough auditing conducted annually on the Smithsonian's trust funds and thought that means of conducting an equivalent audit each year on the Institution's federally-appropriated funds should be explored. The Committees asked the Under Secretary and the representatives of Coopers and Lybrand to work with the General Accounting Office and to report to the Audit and Review Committee at its December 2, 1981 meeting.

Joining the executive session at the request of the Committees, Mr. Powers reviewed the distributed reports on Smithsonian financial disclosure procedures and the draft "Standards of Conduct." The Committees were satisfied that the Smithsonian's own financial disclosure system has proven to be a successful variation for the Smithsonian of the Executive Branch's system. With the understanding that the draft "Standards
of Conduct" are to be further revised and to be brought back to the Audit and Review Committee's attention, it was suggested that new employees ought to be asked to sign an acknowledgement of having read the Standards as finally approved by the Secretary.

When the staff had joined the meeting, Mr. Powers reviewed the provisions of the draft indemnification bylaw and resolution and emphasized that the Regents' potential liabilities continue to be minimized by the care and attention which the Regents give to Smithsonian business. (This point was more fully discussed at the Audit and Review Committee's last meeting and noted in the Regents' Minutes of May 4, 1981, pp. 6-7.) The Committees discussed the need for such indemnification and voted to recommend the proposed indemnification bylaw and resolution to the Board of Regents at its January 1982 meeting. (The bylaw and resolution are attached.) It was agreed further that insurance tailored to the specific indemnity needs should be discussed at the December 2, 1981 meeting of the Audit and Review Committee.

Mr. Burke gave a presentation on the Smithsonian's protection organization, its size and scope, guard selection and training, security operations, and use of consultants; he included an analysis of the Institution's experience with fire, theft, and other hazards to the protection of the national collections. It was noted that present budget cuts have left the Smithsonian short of the needed 575 guards by a total of 181 guard workyears. Appeals to the Office of Management and Budget will continue to
## Index

<table>
<thead>
<tr>
<th>Item</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summary of Proceedings</td>
<td>1-10</td>
</tr>
<tr>
<td>Attendance</td>
<td>1</td>
</tr>
<tr>
<td>Memorial to Miss Hanks</td>
<td>2</td>
</tr>
<tr>
<td>Minutes of Meeting of September 20, 1982</td>
<td>3</td>
</tr>
<tr>
<td>Report of the Executive Committee</td>
<td>3</td>
</tr>
<tr>
<td>Search Committee for New Regent</td>
<td>6</td>
</tr>
<tr>
<td>Report of the Audit and Review Committee</td>
<td>6</td>
</tr>
<tr>
<td>Report of the Personnel Committee</td>
<td>11</td>
</tr>
<tr>
<td>Financial Report</td>
<td>13</td>
</tr>
<tr>
<td>Report on Gifts to the Smithsonian</td>
<td>27</td>
</tr>
<tr>
<td>Report of the Investment Policy Committee</td>
<td>31</td>
</tr>
<tr>
<td>Five-Year Prospectus, FY 1984-1988</td>
<td>37</td>
</tr>
<tr>
<td>Quadrangle</td>
<td>43</td>
</tr>
<tr>
<td>Museum Support Center and Inventory of Collections</td>
<td>47</td>
</tr>
<tr>
<td>Whipple Observatory Headquarters</td>
<td>49</td>
</tr>
<tr>
<td>Smithsonian Tropical Research Institute</td>
<td>52</td>
</tr>
<tr>
<td>Proposed Award of the Langley Medal</td>
<td>55</td>
</tr>
<tr>
<td>Discussion of Mall Parking and Report on Space Needs and Plans</td>
<td>57</td>
</tr>
<tr>
<td>National Portrait Gallery Commission</td>
<td>60</td>
</tr>
<tr>
<td>National Museum of American Art Commission</td>
<td>63</td>
</tr>
<tr>
<td>Cooper-Hewitt Museum Proposal to Name a Gallery</td>
<td>69</td>
</tr>
</tbody>
</table>
The Committee wished to record with pleasure that, in response to the Secretary's October 22, 1982 letter to the Regents, it was unanimously VOTED that in recognition of his outstanding leadership of the Smithsonian Astrophysical Observatory and in appreciation of his own seminal research, the Board of Regents awards the Henry Medal to George B. Field.

After an executive session, which discussion will be resumed with the Board on January 24, 1983, the meeting of the Executive Committee adjourned at approximately 2:30 p.m., at the conclusion of luncheon.

Search Committee for New Regent

The Chancellor announced that he has asked the Regents' Executive Committee to serve as a search committee for a Regent from the District of Columbia, filling the seat occupied by Nancy Hanks. In keeping with past practice, the committee will solicit names from the Regents, the staff, and the chairmen of the Congressional authorizing committees and will report back to the Regents at a subsequent meeting.

Report of the Audit and Review Committee

At the request of Chairman Jackson, Vice Chairman Acheson outlined the report of the Committee given below.

During discussion Mr. Hughes described the origins of the review of the transactions in the gem collections. He alluded to the Institution's long awareness that the Internal Revenue Service was investigating trading and donations of gems nationwide, adding that the Institution's review of its processes for accessions and exchanges of gems was undertaken independently from that of the IRS. The findings of the Smithsonian audit have been
turned over to the Federal Bureau of Investigation, and Mr. Hughes recently convened a meeting with IRS, FBI, and Smithsonian staff to ensure efforts were being coordinated. He emphasized that there is no evidence of any loss to the Institution and that his main concern was to assure appropriate controls over acquisitions, disposals, and exchanges. In the meanwhile, Smithsonian management have taken corrective measures as mentioned in the Report of the Executive Committee (above).

Minutes of the Joint Meeting of the Audit and Review Committee and the Personnel Committee

The Regents' Audit and Review Committee met jointly with their Personnel Committee at 7:30 a.m., Thursday, October 7, 1982, in the Regents' Room.

Present were:

Honorable David C. Acheson, Vice-Chairman, Audit and Review Committee
Honorable Kenneth Rush, Chairman, Personnel Committee
Honorable George H. Mahon

Also present were:

Mr. Paul Schoellhamer, Assistant to Mr. Mineta
Mr. Carroll H. Leggett, Assistant to Senator Morgan

Smithsonian Staff

Mr. Phillip S. Hughes, Under Secretary
Mr. John F. Jameson, Assistant Secretary for Administration
Dr. David Challinor, Assistant Secretary for Science
Mr. Christian C. Hohenlohe, Treasurer
Mr. James M. Hobbins, Executive Assistant to the Secretary
Mr. Peter G. Powers, General Counsel
Mr. Alan D. Ullberg, Associate General Counsel
Mrs. Suzanne D. Murphy, Assistant General Counsel
Mr. Chris Peratino, Director Office of Audits

Coopers and Lybrand

Mr. A. William Mann, Partner-in-Charge
After calling the meeting to order, Mr. Acheson asked Dr. Challinor to present an overview of the Smithsonian's Chesapeake Bay Center for Environmental Studies. Assisted by photographic slides, Dr. Challinor gave a brief history of the original and subsequent land acquisitions which now total 2,600 acres, an area which he characterized as large enough to be viable for the Center's scientific inquiries. The Center has three major research programs: the Watershed Program, which has measured fresh water runoff entering the Rhode River for ten years; the Upland Ecology Program, which studies the effects of current and past land uses on plant and animal ecologies; and the Estuarine Program, which monitors the effect of land runoff on the quality of estuarine receiving waters and their ecology. Dr. Challinor also described the Education Program, in which special attention is paid to enhancing learning for teachers, children, and adults outside of the classroom. After discussion the Committees thanked Dr. Challinor for his presentation.

Mr. Powers followed by giving a brief outline of the development of the draft Standards of Conduct, an earlier version of which had been discussed by the Committees in joint session October 14, 1981. Mr. Powers spoke about new language in the draft but emphasized that the concepts are rooted in trust law and are not new. It was noted that some additional refinements might be made before the Standards would be approved by the Secretary. In discussion the Committees questioned the degree of rigidity of some of the Standards but commended the staff for the thoughtfulness with which the document has been prepared. The Committees felt that given the unique nature of the Institution, the language of the Standards should make it clear that they were being adopted and applied as a matter of Smithsonian policy, rather than as an extrapolation of Federal law.
REVIEW OF FINANCIAL DISCLOSURE STATEMENTS

Mr. Yates. Just let me finish this thought. Was there no discus-
sion by the Regents?
Mr. Powers. There was discussion by the Regents who were
members of the Audit and Review Committee.
Mr. Yates. But not by the other Regents?
Mr. Powers. I don’t believe so, no.
Mr. Ratchford. Mr. Chairman, if I might, under your current
procedures, who reviews these statements after they are filed? If in
fact you find the appearance of conflict, what process do you have
for following up to eliminate the conflict?
Mr. Humelsine. The top group are looked at by the Personnel
Committee of the Regents.
Mr. Ratchford. How often?
Mr. Humelsine. Once a year. Now that is some 12 officers. All of
the rest of them are looked at by Mr. Powers’ office.
Mr. Ratchford. When you look at them, then what happens?
Mr. Humelsine. When the Regents look at the top staff that we
are responsible for, we look at them, meet on them, consider them
and give a clearance on them, and report that to the Regents and
to the Secretary.
Mr. Ratchford. Well, have there been times over the past few
years when you have looked at them, found what appeared to be
conflict, and not given a clearance?
Mr. Humelsine. No, there have not been.
Mr. Ratchford. So, there have been no situations—
Mr. Humelsine. There have been no situations, sir, where there
has been any conflict of interest that has shown up on any of the
top staff over the past three years when I have been on the com-
mittee.
Mr. Ratchford. Well, that is a good record, but it raises the
question, is it because there was no conflict, or because the guide-
lines currently in place are not adequate to say this is conflict, and
we ought to do something about it?
Mr. Humelsine. No, I think that the reporting that the Person-
nel Committee gets is more than adequate. We get a complete re-
vealing of all of the employment and financial interests of the top
staff, and so unless they have failed to report, and they are re-
quired to report on this form, we have a complete record of each
one of the top staff’s involvement in any financial or employment
situations.

SANCTIONS FOR FAILURE TO REPORT

Mr. Ratchford. Are there sanctions for failing to report?
Mr. Humelsine. Well, if—yes, they have to report. I mean, we
know who they are. If they would not report, we would ask where
the missing report happened to be.
Mr. Ratchford. Let me take it a step farther. Take any one of
the 12 you have referred to. Are there sanctions for not reporting
fully? I know this area is difficult, whether it is a member of Con-
gress, or someone in a responsible position with the Smithsonian.
Mr. Humelsine. I think if an officer would fail to report fully
and we would learn about it, I think then there is no question that
there would be action taken.
Mr. Ratchford. Have there been cases where you have subsequently learned about incomplete reports?

Mr. Humelsine. None whatsoever. I have found that the reporting of the top staff has been complete. I mean, it is not just this form, but they also provide supporting data.

Mr. Ratchford. I raise the question because there is often the feeling here in Congress that, with the Congressional forms similar to those, one, that they are not complete; two, that they allow for categories and, therefore, are vague; and, three, even where there is an appearance of conflict on the disclosed form, there is no follow-up to do anything about it.

Mr. Humelsine. Well, I think in the case at least of the Personnel Committee of the Regents, what we do, we send this material out to the committee ahead of time. They study it independently. Then they meet and carefully go over each record.

And having done that, then they make a judgment. So, I emphasize, in that case, it is a very careful review.

Mr. Ratchford. Do you feel there is enough independence in the process so that you can get a full review?

Mr. Humelsine. I think so.

Mr. Ratchford. Thank you, Mr. Chairman.

Reviewers

Mr. Yates. All right. You have addressed some very important questions for the review of conflict, possible conflict of interest on the upper echelon of officers. Now, Mr. Humelsine testified earlier today that insofar as others in the Smithsonian area concerned than the top levels, those are reviewed by the Secretary. The Secretary, in turn, testified that he did not review them, that he had requested or allocated the responsibility to the Office of the General Counsel. We have the General Counsel here now. Under the existing guidelines do you, Mr. Powers, review the conflict of interest statements of the employees, personally?

Mr. Powers. No, I do not.

Mr. Yates. You do not. Who does?

Mr. Powers. One of my legal staff.

Mr. Yates. Who is that?

Mr. Powers. Mr. Ullberg.

Mr. Yates. All right, I read from one of the articles that appeared in the Washington Post. The reporter at least asked Mr. Ullberg about that, and then reported as follows. I quote from the article: "Ullberg, a Smithsonian Associate General Counsel, says, Desautels' forms," Desautels being the curator for gems until recently, says "Desautels' forms were reviewed but not formally approved or disapproved."

The responsibility, says Ullberg, is on the individual employee to come and talk to me if he thinks he has a problem.

Mr. Powers. Right.

Mr. Yates. Now is that what your practice was? Is Mr. Ullberg telling the truth on this?

Mr. Powers. Well, let me—

Mr. Yates. Should he testify?
Mr. Powers. No. I can give you an answer on that. I think it is important to note that the statement, itself, which Mr. Humelsine has been describing, reads as follows just before the signature: "I also am aware of my obligation to discuss all conflicts of interest, real or apparent, with the Smithsonian Ethics Counselor, and to seek the advice of that officer before engaging in any transaction which does or might present such a conflict."

Mr. Yates. Who is the Smithsonian Ethics Counselor?

Mr. Powers. I am, and Mr. Ullberg.

Mr. Yates. I see.

But you didn’t do anything as far as counseling on ethics is concerned? You left that to Mr. Ullberg?

Mr. Powers. It is in the interest of not only my time but in confidentiality that only one person look at these things.

Mr. Yates. Well, the answer to my question is yes.

Mr. Powers. Yes. But if there is a serious problem, I am informed of it.

Mr. Yates. Was there ever a serious problem?

Mr. Powers. This one was, as it were, bucked out as having a potential question of it.

Mr. Yates. Wait a minute. This one. What do you mean by "this one?"

Mr. Powers. The one referred to here that Mr. Desautels’ forms were reviewed.

Mr. Ratchford. Bucked out to whom?

Mr. Powers. Just put in a separate pile for further—I don’t want to use the word "investigate" because I don’t have an investigatory staff, but we do try to follow up on items which are not themselves self-explanatory on the form. Do you understand?

This form also requires, in the area that was being discussed here, that there be considerable material to describe what the relationship with the particular outside group would be.

Mr. Yates. But you know, you really have overlooked my question.

Mr. Powers. I am sorry.

Mr. Yates. My question—in reply to an earlier question of mine, you said that you referred questions that were specially referred to you, right? Then I asked, were any questions specially referred to you? And you didn’t answer.

Mr. Powers. I am sorry.

DESAUTELS’ FINANCIAL DISCLOSURE STATEMENTS

Mr. Yates. What questions were specially referred to you? Any by anybody else other than Mr. Desautels? First, apart from Mr. Desautels, have there been any references to you of special situations of anybody else other than Mr. Desautels on conflict of interest?

Mr. Powers. Yes, one or two over the course of the years. There are not very many.

Mr. Yates. There are not very many?

Mr. Powers. No.

Mr. Yates. How many were referred to you, would you say?

Mr. Powers. Not more than half a dozen, I would say.
Mr. Yates. Okay.

Mr. Powers. And remember, they may take the form of, "we are not quite sure what this is, and so I am looking into it."

Mr. Yates. What do you mean by "this"?

Mr. Powers. The report. It says the name of a corporation; that the employee has some relationship with a particular corporation. Well, I don’t know all the corporations in the world. We have to rely largely on further questions to the individual to elicit what it is that is involved. In most cases it is not a problem.

Mr. Yates. Well, did you call Mr. Desautels in and ask him?

Mr. Powers. We had great difficulty, I understand, because I have checked on this in the last few days.

Mr. Yates. What do you mean, you understand? Did you rely——

Mr. Powers. I am relying on Mr. Ullberg.

Mr. Yates. Is Mr. Ullberg here?

Mr. Powers. No. But what I asked him was, why did we not know more about what was reported? And he said Mr. Desautels would not return the phone calls.

Mr. Yates. Part of the material that had been made available to the committee is a memorandum, dated May 27, 1982. It is marked "Reply to the Attention of John Fawsett, Through Chris S. Peratino." Mr. Peratino is your auditor?

Mr. Powers. Yes, sir.

Mr. Yates. "Re possible conflict of interest, Alan Ullberg." I read from the memorandum.

Due to the concerns recently expressed at a Board of Regents Audit and Review Subcommittee meeting regarding conflicts of interest, we would like to have your written comments concerning the following matter as soon as possible.

Mr. Desautels is a paid consultant to P.D. Sams, a private dealer/collector of gems and materials. We understand this fact has been disclosed to you on Mr. Desautels' financial disclosure statement. During our audit of the Division of Mineralogy we noted that Mr. Desautels, although he has stepped down as curator in charge, is still actively involved in gem and mineral transactions and continues to have full access to the gem and mineral collections.

Also we found the Division of Mineralogy within the last month was considering making an exchange with P.D. Sams. We would appreciate having your written comments on whether Mr. Desautels' current status as a paid consultant conflicts with his employment in the Division of Mineralogy. Carbon copies to Mr. Hughes.

What did Mr. Ullberg do as a result of this, do you know?

Mr. Powers. My recollection is that we answered it orally. I was aware of this memo and discussed it with the auditor.

Mr. Yates. Then Mr. Fawsett and Mr. Peratino are asking you to write your comments on whether his current status conflicts. You never gave him a written reply?

Mr. Powers. I think not, though I am not sure. You recall, Mr. Chairman, at this point, the question of sending this and many other questions for further study by the Justice Department was very much in the air, and I——

Mr. Yates. I don’t recall that. I don’t recall your telling me anything about this.

Mr. Powers. No, I am sorry. This was the situation as I recall it. I think my own reaction was that Mr. Peratino and his staff are right there, and that it would be better, rather than to write a long opinion with insufficient facts, that it would be better to discuss it with him individually.
Mr. Yates. But Mr. Peratino is an auditor, and he is asking for a formal declaration of legal opinion, formal legal opinion on what Mr. Desautels' situation is. Why would you not comply with it?

Mr. Powers. As I say—

MISSING GEMS

Mr. Yates. If you are contemplating sending it to the Department of Justice, certainly you would want to put something in writing as to whether or not there was a conflict of interest. Insofar as telling me about it, as I say, I don't think I know anything about it because I don't think you told me about it. My impression of all the hearings is to the contrary.

That whenever I asked Smithsonian witnesses about what—whether any items were missing, particularly on the subject of gems, I was told that everything was in order, that there was nothing missing. I respectfully—when Mr. Blitzer appeared at the conference table and I asked about missing items and he told us about the missing silver sugar bowl, then later on he told us about the missing sword. As far as the gems were concerned, if my memory is correct, and we will verify it from the record; we were told inventory was taken almost every week, I think, of the gems, and everything was right in order.

I will read from the record in a few minutes on that. I will let you reply in just a minute, Mr. Hughes. When we read articles in the newspaper and also from Mr. Peratino's reports, it seems that out of 6,000 gems, you know where 4,000 of them are but that 2,000 of them are not fully accounted for. Is my memory correct? Would you like to reply now, Mr. Hughes?

Mr. Hughes. Sure would.

Mr. Yates. Go ahead.

ADVICE FROM DEPARTMENT OF JUSTICE

Mr. Hughes. Thank you. I think the questions you asked with regard to whether gems or other items were missing were correctly answered. Those answers remain correct now. We are not aware, I am not aware of any missing gems. The matter you were discussing with Mr. Powers had to do—I think your quotes were from memorandum that were part of the package of materials which we sent to the Justice Department when we were unable to obtain satisfactory answers with our powers and our staff to a series of questions dealt with in the documents that were referred.

When we could not get those answers, including answers that we wanted on the conflict of interest question, it seemed to me appropriate that we get the advice of the Department of Justice, which we did in July, roughly, of last year.

Mr. Yates. Well, I should read the reply, too, that you gave me. You received it from the Department of Justice, right?

Mr. Hughes. What is that?

Mr. Yates. The reply you received from the Department of Justice. U.S. Attorney. Department of Justice. He has received your letter of February 28, 1983.

Mr. Hughes. Yes.

Mr. Yates. That is what you are referring to.
Mr. Hughes. No.
Mr. Yates. No? That is what you have given me.
Mr. Hughes. I gave you, Mr. Chairman, at your request, the papers which we referred to Justice. They include a memorandum, several memoranda from Mr. Peratino and his division, written in 1982, in April, May, thereabouts, of 1982, and another memorandum written by Mr. McGuire which summarized the situation.

Those materials were carried to the Justice Department in July, I believe it was July 16, but we can verify the date for the record, and left there seeking the advice of the Justice Department. They included materials dealing with the kind of conflict of interest questions that you have raised, and one of the memos that you read from was part of that package.

OFFICE OF THE REGISTRAR

Mr. Yates. All right. Let's go back to some of these hearings. I was disturbed in 1978. I read from the Hearings for Fiscal Year 1978, Part 7.

I said there to Mr. Perrot:

You are decentralizing the Office of the Registrar. The budget has gone down from $200,000 to $97,000. If the bureaus are assuming their own functions, why do you need a Central Registrar Office?

Mr. Perrot. The registration function is becoming increasingly important as we realize that it is more than a bookkeeping operation and one that should bring together all aspects of information concerning objects. The variety of collections we have in the Institution and variety of museums make it mandatory that there be congruity in the methods used in cataloging technology so we can interface the collections and develop a data base which is compatible. This is the goal that the Office of Registrar is primarily concerned with. This interfaces, by the way, with the development of the Museum Support Center where we hope to have a much more effective way of retrieving objects and keeping tabs on their location. We hope that this can spread throughout the Institution.

Mr. Yates. Is it your responsibility to be in charge of the objects in all the museums?

Mr. Perrot. No, sir. The custody of objects is the responsibility of the directors of the individual museums.

Mr. Yates. Does the Smithsonian have an inventory of all of its objects?

Mr. Ripley. Yes.

Mr. Yates. Where do you keep the inventory, or how is it kept?

Mr. Ripley. The individual museum has its own classification system, and Mr. Perrot is essentially involved in trying through the Registrar to make sure these all correlate and work together. Isn't that right?

Mr. Perrot. That is right.

Mr. Yates. How often do you take inventory? How do you know whether you are missing anything?

Mr. Perrot. There are certain collections which are inventoried very, very rarely. Indeed, there are some which would be almost impossible to inventory; for example, insects. The hundreds of thousands of bugs that are the responsibility of Dr. Chalminor. Coins, on the other hand, jewels, paintings, objects like that are inventoried very frequently. I could not at this moment give you a schedule of these inventories, but if you like I am sure we can provide that.

Mr. Yates. How much space does your inventory take? Is it microfilmed? Is it taped, or what? How do you keep your inventory records?

Mr. Ripley. Some of it is on tape. Some is on cards. It depends on the particular collection in the particular museum.

Mr. Yates. Shouldn't you have a uniform inventory system?

Mr. Ripley. We are attempting to do that.

Mr. Yates. That is what the Registrar's Office is doing?

Mr. Perrot. Yes.

Mr. Yates. When are you going to complete it?
COMPLETION OF INITIAL INVENTORY

Mr. Perrot. This is an ongoing program. I don't expect it will be phasing out. On the contrary, I think in the years to come as computer systems are developed that are more responsive to the specific needs of museums and the Institution has made major headway in that direction, that not only will we be able to have better control of the intellectual content of our collections but we may be able to interrelate with other collections and start networking nationally, and, in due time, internationally. That is the ultimate aim. In the meantime, our main concern is to develop systems that are compatible internally and will provide all the information that we need without, if I may say, the rediscovery of the wheel which so often has to be done with manual methods.

Mr. Yates. How close are you to completing the first inventory which is going to be the base on which you continue?

Mr. Perrot. We have an inventory of such.

Mr. Yates. I meant in the manner and form which you are aiming.

Mr. Ripley said: “Some are on cards, some are on tapes. Obviously you are trying to get a uniform system. How far away are you from that?”

Mr. Perrot. I think within the next 10 years we will be able to make major inroads. We have over 70 million objects, and to place one object on a computer has been estimated to cost $1.00 or $5.00 depending on its complexity. In the interest of the Federal Treasury we like to be sure that we do it judiciously and with priority insofar as possible using methodologies that are compatible not only with our own needs but which also can have national significance.

Mr. Yates. How often do you inventory your crown jewels?

Mr. Perrot. I will have to defer to my colleague, Dr. Challinor. Dr. Challinor says they are almost on a continuous inventory, Mr. Chairman. There is an elaborate security system.

Mr. Yates. But you have seen the movies, haven't you?

Mr. Challinor. How they are monitored and how often they are watched I would assume would be restricted information to those people who were responsible for watching them. Do you see what I mean?

Mr. Yates. I see. But you haven’t missed anything?

Dr. Challinor. Better not. No.

Mr. Ripley. We are in very good shape.

That was 1978. Since then the committee has made available funds from time-to-time to help Mr. Perrot and the Smithsonian establish the kind of an inventory that he had described at that point.

In testimony earlier this year, Mr. Perrot said that you are just about completed with the inventory. You have all the—I see Mr. Perrot in the background there. You just about have all the objects on the computer at this point, except for trays of insects or trays of shards in the Museum of National History.

Is that correct, Mr. Perrot?

Mr. Perrot. Mr. Chairman, this is what I understood to be correct.

Mr. Yates. I am trying to get precise answers. Dr. Challinor told me in 1978 that he assumed the gems were in this inventory. Now you are telling me you assume this is true again. How do we get a precise answer as to what the fact is?

Mr. Perrot. We are given, if I may address the question——

Mr. Yates. Sure. Would you like to come up to the table so the reporter can see you and listen to you?

Mr. Perrot. If I may move a little bit.

Mr. Yates. I didn’t hear what you said.

Mr. Ratchford. Time out for a little commercial, Mr. Chairman. Mr. Yates. I see. Go ahead, Mr. Perrot.
ROLE OF OFFICE OF THE REGISTRAR

Mr. Perrot. Mr. Chairman, the Office of the Registrar has attempted to coordinate the inventory activities of all of our museums. That office has no direct responsibility, only an advisory responsibility.

Mr. Yates. Advisory to whom?

Mr. Perrot. Advisory to the registrars, of the museums, advisory to the Assistant Secretary and to the Secretary. Each museum reports regularly on the status of its inventory. This is made available to me and others. I believe it has been made available also to the press on a monthly basis. This shows that certain collections are totally inventoried. I cannot personally vouch, sir, for the fact that every single item that is reported by a museum, when it tells me they have a 100 percent inventory, that this has actually been done.

I have assumed, again—I forget; forgive me for that word—that our professional standing is behind this. In 1983, the Museum of African Art reports a 100 percent completion.

Mr. Yates. A 100 percent completion means what? That 100 percent of its objects are inventoried?

Mr. Perrot. That means, Mr. Chairman, again, as I understand the process——

Mr. Yates. Yes.

Mr. Perrot. That every one of the items in the Museum of African Art—and Cooper-Hewitt Museums, 95 percent, the Freer, 100 percent—each one of those has been eyeballed, has been looked at; the number has been checked against a record or a record has been made of that number; and that by the time the process is finished there are no items that have not been visually examined and physically handled if it is required to do so, to find out what they are.

Mr. Yates. That is the direction which you gave to the Office of Registrar, and the Office of Registrar, in turn, gave that direction to the individual curators who, in turn, gave that direction to the employees who worked for them.

Mr. Perrot. The directive is given by the assistant secretary, the cognizant assistant secretary to the director of that museum to follow on an inventory process. The inventory process in most museums has been effectuated by an inventory team, a group of people that thanks to your help and the regular budget of the Institution, has been detached specifically for the inventory process.

Mr. Yates. Okay. That list that you are reading from now shows what the state of the inventory is as of today?

Mr. Perrot. That is correct, Mr. Chairman.

STATUS OF INVENTORY BY MUSEUM

Mr. Yates. All right. Would you read that for the record, please?

These are figures I would like to qualify. When we say complete, it is meant that an "inventory decision" has been reached. It does not mean for the Museum of American History or Museum of Natural History that every single item has been counted. As referred to earlier, there are certain groups of objects, shards and so forth, that are not accounted for individually. They are accounted for by sampling a number of trays which are known to contain X, Y thousands of items, and from this an estimated total is developed.

What remains to be done, and I have alluded to this in earlier testimony, is the reconciliation of these inventory records that are made on a day-to-day basis with the original records of the collection, if any, as Mr. Hughes said. And I say "if any," because some of the collections were acquired by the Institution at a time when this Nation did not have a national museum; it had collections distributed in various spaces. This is prior to 1846.

Since then the Institution has grown in extraordinary fashion, and I won't refer to what has happened in the last 20 years. Collections have been moved from one location to the other. In this process records may have been lost, and in this process records may not have been made. This is the area which is going to require a considerably longer period of attention and financing. And when I alluded to 10 years in 1978, Mr. Chairman, I felt then that I was probably being optimistic.

Mr. Yates. Do you still think it will take that 10-year period?

Mr. Perrot. I would be hesitant to make any statement, Mr. Chairman, because I fear that in the past I have been optimistic and unwittingly misled this committee in thinking that certain things were further advanced than they actually were.

Mr. Yates. Well, now, if I understand you correctly, what you are saying is that objects, except shards and insects, for example, will have been seen personally by one of your employees, out of the projected 75 million objects that the Smithsonian is supposed to own, will be placed on the computer inventory, is that correct?

Mr. Perrot. That is the aim, Mr. Chairman.

Mr. Yates. That is your aim. All right. And the percentages which you have just read from show to that extent that the aim has been achieved, for example, of 100 percent—

Mr. Perrot. There are certain collections which are very easy to inventory. The Freer Gallery of Art, to the best of my knowledge, has been inventoried since Mr. Freer gave his collection to the Nation in 1906, as I recall, and certainly since the museum opened in 1923 they have had an ongoing inventory.

Mr. Yates. Let me interrupt you a moment. Does the fact that they have an inventory mean that Mr. Lawton and his employees went through their cards—I assume it was a card inventory they had—went through their cards and examined each article personally to make sure that the article that is identified by that card is actually in the museum?

Mr. Perrot. I did not witness that operation, but knowing Mr. Lawton and the way he operates I would say that is a fair statement.

Mr. Yates. That is a fair statement. Mr. Hughes wants to say something.
Mr. Hughes. I just wanted to say, Mr. Chairman, that the point Paul just made is a very important point. The situation varies somewhat from museum to museum. In some of the museums, I think notably the Art Museums, the inventory process is simpler than it is in Natural History, particularly, and American History, also. In many of the museums, at least several of the museums, the inventory process has included the reconciliation of the inventorying of objects with access records.

I think, for example, the NASM percentage of 87 percent is somewhat lower than someone might expect because they have been able to, as they went, reconcile their eyeballing as Mr. Perrot described it with accession records and to have a more complete result. The inventory problem is most difficult in American History and Natural History, where the volume of objects is much higher, where the collections came from all kinds of sources, and where nomenclature and other considerations make inventorying very difficult. Those are the two museums I think which present the greatest problems.

AUDITOR'S REPORT OF SENSITIVE COLLECTIONS

Mr. Yates. I am going to go back to Judge Powers in just a minute about the conflict of interest. But I want to finish up this inventory aspect now.

Remember the audit that took place in 1972, the auditor at that point listed four or five collections that he was concerned about.

I brought it with me. There was the gems and minerals. There was numismatics. Gems, minerals, numismatics, postal history, fire arms, and jewelry. A very interesting audit, I think.

What he says at that time, I think, should be made a part of the record, because he says, "The Director, NMNH reports to the Assistant Secretary for Science, while the Director, NMHT reports to the Assistant Secretary for History and Art. We feel that a centralized Registrar's Office for the two museums should be organizationally placed at the Under Secretary level, such as reporting to the Deputy Under Secretary on a permanent basis.

"Lacking specific policy guidance as to its scope of authority, and duties and responsibilities, the Office of the Registrar has been recording and filing documents pertaining to the receipt and legal ownership of objects accessioned into NMNH and NMHT, without establishing controls over all items accessioned.

"As a result, the Registrar does not have an effective control over the National Collections in NMNH and NMHT. To establish such control would require an enormous undertaking and could only be completed after the two museums establish inventory controls at the Department levels."

It was incredible, what the Smithsonian went through with the Customs Bureau during that period. That is an amazing story of how the Department of Gems and Minerals requisitioned objects from the Customs Bureau, like a woman's Rolex watch and three silver Dunhill cigarette lighters, a men's wrist watch, and used those to buy gems.
Sold those and used them to buy gems. Incredible. At any rate, let me go back to history for just another—I should finish that auditor's statement by reading from his conclusions.

The date of the audit is May 12, 1972. This is 1972, over ten years ago.

Our review disclosed that improvements are needed in the Smithsonian's accessioning procedure.

Incidentally, I just saw this audit for the first time yesterday.

Our review disclosed that improvements are needed in the Smithsonian's accessioning procedures to more effectively control the high dollar value and sensitive collections in the National Museum of Natural History and the National Museum of History and Technology.

Currently, these collections are being controlled primarily through the integrity of the individual curators, and not by management control systems.

Our review disclosed that the Registrar's Office does not have an effective control over the high dollar value and sensitive collections in NMNH and NMHT. To establish such a control would require an enormous undertaking and could only be completed after the two museums establish inventory controls at the Department levels.

In order to establish effective inventory controls at the Department levels, the Smithsonian must commit considerable amounts of monies and personnel to the task. We recommend that this matter be given serious consideration in future budget submissions to provide the resources and manpower necessary to improve controls over the National Collections.

Smithsonian officials concurred in the recommendations made, and advised us of corrective actions that have been or will be taken on matters discussed in this report. These actions, properly implemented, should correct the deficiencies noted during our review.

Then Mr. Yates asks the questions of 1978, and the inventory records were not in very good shape at that time. This is 1979, the following year.

MISSING OBJECTS AND VANDALISM

We have Mr. Blitzer, Mr. Challinor. Inventory of History and Art Collections. I ask:

Is there any vandalism in the museums, paintings slashed or anything stolen?

Incidentally, when are you going to take an inventory?

Mr. Blitzer. During the winter I asked all the history and art museums and Archives of American Art to do a spot inventory of a hundred items selected from each of their collections or in the case of history and technology, 200 items because it is a larger collection.

In the case of the National Collection of Fine Arts, the National Portrait Gallery, Hirshhorn, Freer and Archives of American Art, all of the hundred items were found without any curators and the 120 items came to us after a period of neglect seems to me to be a remarkable performance.

In the case of the Museum of History and Technology, the result was not as cheering. There are things we cannot find. Since we feel it would be better for us to take the initiative in these cases, we announce there are a hundred and some pieces of silver, mostly small, that cannot be located.

Mr. Yates. What kind of silver? What are the objects?

Mr. Blitzer. It ranges from Atlantic City souvenir spoons to expensive Eighteenth Century sugar bowls and creche picture. We had an outside appraisal made. The total value is in the vicinity of $30,000, so it is not an enormous kind of loss, but I must say I think it is inexcusable and should be corrected and will be corrected.

Mr. Yates. How you know other objects at the museum are not missing? Are you doing a total inventory?

Mr. Blitzer. A total inventory is staggering. There are about 15 million articles in that one museum. Many are postage stamps and coins. I don't think any of the locomotives are missing.

20-614 O—83—10
Mr. Yates. That is heartening.

Mr. Blitzer. If I may, I would like to say a couple of things about this. In the first place, as you can see, our 1979 budget request indicates an emphasis on collection management and de-emphasis on exhibitions.

We have been coming to this committee since 1973. We have been asking for money for collections management and we have been getting it. We have a good registrar’s office. We are in good shape with acquisitions coming into the museum but we are living with 130 years of accumulation.

This museum is a new entity put together from bits and pieces from all over the institution. We find, for example, there is no one who can swear that something for which—and this is what you were saying, Sam, there is no one who can swear that something for which there was a card in the Bureau of Ethnology in 1890 ever really came to the Museum of History and Technology.

Ultimately, it staggers me to say we are probably going to have to do an item by item inventory of everything in that museum.

Mr. Yates. Fifteen million objects?

Mr. Blitzer. Yes, sir. This will be a long-term project. Obviously we will start with the more valuable kinds of things.

MISSING GEMS

Mr. Yates. What about the inventory of gem collections? You have some enormously valuable things. Your gem collection is one of the greatest in the world. How do you know all your gems are there?

Mr. Ripley. Well, that is the Museum of Natural History. I think we have a very good inventory of them.

Mr. Yates. How many objects do you have?

Mr. Ripley. I think there are 76 million in the entire institution.

Mr. Challinor. We estimate over 60 million in the Museum of Natural History alone. These are collections of individual insects. These would be in boxes or bottles. Now, in keeping an inventory in Natural History, there are certainly the very valuable collections, and specimens, the gems and minerals. We account for every single one.

Mr. Yates. How do you do that?

Mr. Challinor. We look at them, and we see that they are there. These are accounted for almost on a regular basis, once a week or once every other week.

Mr. Yates. How many objects are there in the gem collection?

Mr. Challinor. I would assume about 10,000.

Mr. Yates. You look at 10,000 objects?

Mr. Challinor. The cases in which they are kept under the security system are checked regularly. In all honesty, how often they are checked is security information. If I testified here it would be useful for somebody who wanted to steal them. But they are checked very carefully. Well, the committee—

Mr. Yates. The committee won’t press you except for your assurances they are all there.

Mr. Challinor. They are all there. The people in charge of this collection have assured me that they are, and I have confidence in their assertions.

INVENTORY PROCEDURES

Mr. Yates. Do you have an inventory?

Mr. Challinor. There are regular inventories, yes.

Mr. Yates. Do you have lists?

Mr. Challinor. Yes.

Mr. Yates. Were they computerized?

Mr. Challinor. Yes, sir.

Then there is a statement on the projected growth of collections. And then Dr. Perrot says on page 443.

We have good curators and so forth. Concerning your second question and relating to inventory, several times you recall you have spoken to me personally about your—I won’t say amazement, but astonishment that one could gain physical control over a collection of 75 million objects.

I assure you we have such procedures. As a result of your interest, as a result of the independent initiatives taken by my colleagues, Mr. Blitzer. We found that our procedures are not quite as tight or systematic or set down as clearly as they should be.
The Secretary had issued a directive which called for the establishment of such a plan. This was to be delivered two weeks after it was requested.

However, the person who was developing the plan had illness in the family, and it has been delayed. I expect this plan will be distributed after the Secretary's approval within the next week or two.

This will call for a gradual and eventual total inventory of collections. Collections cannot all be inventoried in the same way. A whole series of butterflies under glass is very easy to inventory.

Other objects, such as minerals which are currently being inventoried, and always have been inventoried on a regular basis, will continue to be inventoried on a piece-by-piece basis.

We expect somewhere by the mid-eighties to have a complete inventory based upon the soundest of procedures for each particular kind of collection. To achieve this, we are going to initiate this year and will be progressing even more in fiscal year 1979 to the inventory of specific collections so that sometime during 1983 or 1985, we can say we have eyeballed individually all the objects in the collection that should be eyeballed.

Then the question of cost, techniques for inventorying and so forth. We have some history of the inventory in the record.

We have Mr. Perrot's statement that every object will be eyeballed personally, except objects such as some of the insects and some of the shards, objects that are in the thousands, and the loss of which would perhaps be felt mostly by zoologists or ethnologists or appropriate scientists.

**SIZE OF THE GEMS COLLECTION**

But the gems, we are told, again are being inventoried and inventoried and inventoried. Well, if that is true, how accurate are the articles that appear in the paper, one of which has a statement in the *Washington Post*, one of which has the statement that of 6,000 gems, 4,000 are accounted for and 2,000 are not.

Would somebody like to reply to that? That is what one of the papers said. I am told that, by some of the Smithsonian officials, that by and large the statements in the articles were accurate.

What is the state of the gem collection?

Mr. Hughes. Dick, would you like to comment?

Mr. Fiske. Richard Fiske, Director of the Museum of Natural History.

Mr. Yates. Okay. How many objects do you have in your gems and mineralogy collection?

Mr. Fiske. Close to 200,000.

Mr. Yates. Close to 200,000?

Mr. Fiske. Yes.

Mr. Yates. Your gem collection is 6,000 of the 200,000?

Mr. Fiske. Ten thousand.

Mr. Yates. Ten thousand gems.

Mr. Fiske. Yes, sir.

Mr. Yates. Have each of them been looked at individually, of your 200,000?

Mr. Fiske. Now they have. Yes.

Mr. Yates. Now they have?

Mr. Fiske. The data gathering, capturing of data is completed.

Mr. Yates. I am sorry, Doctor. I didn't hear.

Mr. Fiske. Yes, they have been looked at. The data have been taken in and they are being entered into the computer now.
MISSING GEMS

Mr. Yates. Is each of those objects, are you missing any of those objects?

Mr. Fiske. As far as I am aware, the only things that are missing are a few aquamarines from a paper envelope. This was disclosed, I think, in the course of the audit.

Mr. Yates. A few aquamarines out of 200,000? How many aquamarines would be in that envelope, would you estimate?

Mr. Fiske. How many? I am not sure of the number of aquamarines in the envelope.

Mr. Yates. Well, how many are missing? You have one envelope of aquamarines that are missing. You say everything else is there.

Mr. Fiske. As far as I know, sir, yes.

Mr. Yates. Will somebody say they are there? Who looked at them?

Mr. Fiske. It is a shortage—I understand there is confusion because it is not certain whether they were lost in the Smithsonian, or whether there was a shortage when the package was given.

Mr. Yates. Is that only the aquamarines you are talking about now?

Mr. Fiske. Yes, sir.

INVENTORY OF GEMS COLLECTION

Mr. Yates. Except for the package of aquamarines, have you collectively, with your employees, looked at each of the objects?

Mr. Fiske. It is my understanding that that has been done, sir.

Mr. Yates. Who can tell us that it has been done? You are saying it is your understanding it has been done, but you are taking the word of somebody, are you not?

Mr. Fiske. Yes.

Mr. Yates. Whose word are you taking?

All right. Would you identify yourself?

Mr. White. John White. I am the curator of the collection.

Mr. Yates. Have you examined each of those objects—

Mr. White. Not personally. The people who are doing that have been hired through inventory funds and each of them has examined different portions of the collection. They report back to me. They also report to the audit office, and to the assistant director of the Natural History Museum.

I haven't looked at every object. No, sir. No one has. No one person has examined every object. We have a team of inventory people.

Mr. Yates. Well, I can see how a team of inventory people would be necessary. All of a sudden I keep thinking of movie plots. Suppose one of your team of inventory people gives you a record and says all of these gems are there, and he walks out with a pocketful of them. Is that possible?

Mr. White. I suppose that is possible.

Mr. Yates. So we don't know as of this moment, do we, that all the gems are there?

Mr. White. We know all the gems—

Mr. Yates. We know that your inventory team has certified to you that all the gems are there.
Mr. White. They have certified to us that all the gems have been looked at, yes.

Mr. Yates. And inventoried. But you don’t know that they are all there physically?

Mr. White. No, sir, because in the course of the inventory, there have been a number of gems that have been identified up to this point as not found. That simply means that their absence has to be reconciled in the records elsewhere.

We haven’t arrived at the point where we can do that because it all has to be computerized, and it hasn’t.

Mr. Yates. Then your statement varies, as far as my interpretation is concerned, to some degree from Dr. Fiske, because he said they are all there except for an envelope of aquamarines. Now you are saying that some others are missing that have to be reconciled with other records.

Mr. White. We don’t know that they are missing. We know that in the course of the inventory taking, some, at this point in time, haven’t been found. I am sure that they will be found, because we have so many different locations for the stones.

There are stones on exhibit. There are stones that are in storage. There are stones that have been exchanged, and we have to reconcile all these various records.

Mr. Yates. How many stones are in that category?

Mr. White. Which category, sir?

Mr. Yates. The one you just mentioned, that still remain to be verified by record——

Mr. White. We don’t have a hard number. I can’t give you an answer at this point because as the inventory worksheets are compiled, they are sent for computerization, they are in the process now of being computerized, so we don’t know.

Mr. Yates. Yes, but even those worksheets, if I understand your answer, that are being inventoried do not necessarily reflect the state of your collections because they have not yet been reconciled with other records.

Mr. White. That is correct.

Mr. Yates. So at this moment you don’t know what the state of your gem collection is, do you?

Mr. White. That is correct in that sense; yes, sir.

Mr. Yates. Well, how many stones are in this category? You don’t know how many stones are in this category, do you?

Mr. White. No, sir. I don’t.

Mr. Yates. Out of the 200,000.

Mr. White. That is correct. Well, 10,000 gem stones.

Mr. Yates. Okay. How many of the 200,000 have actually been seen and inventoried?

Mr. White. I believe everyone.

Mr. Yates. Wait a minute.

Mr. White. Every stone in our possession has been looked at.

Mr. Yates. Well, yes. How many stones are not in your—let’s start with numbers again. You said your collection totalled 200,000.

Mr. White. Approximately.

Mr. Yates. Two hundred thousand total. I have asked you how many of the 200,000 have been seen personally, and you say every one.
Mr. White. Every stone——
Mr. Yates. But they haven’t been because you have stones whose whereabouts you don’t know. So you haven’t seen every one.
Mr. White. No, sir——
Mr. Yates. Are those not a part of the 200,000?
Mr. White. What I said was that every stone in the collection, every stone we have has been looked at and its presence reported in the process of the inventory taking.
Mr. Yates. Of this inventory?
Mr. White. Yes.

RECONCILIATION OF GEMS INVENTORY

Mr. Yates. There is something here that I don’t understand. It seems to be conflicting. You are saying that there are stones whose whereabouts you don’t know. Is that right? You just got through saying they are on exhibit, or they are in files, or they are some other places.

Mr. White. No, sir, there are numerous locations for the items in the collection. There is a reference collection. There is what we call the Blue Room, which is a high security storage area. There is the exhibit. Then there are a whole other set of specimens that have been exchanged for new specimens. Any of the objects can be in any of those locations. So we in the course of the inventory, have taken each of those locations one at a time and looked for the objects that we are supposed to have in each of those locations.

Mr. Yates. Yes. And you found them all?
Mr. White. No, sir, because——
Mr. Yates. Okay.
Mr. White. This is important.
Mr. Yates. Yes.

Mr. White. If there was an object supposed to be in the reference collection that wasn’t found in the reference collection, there are several other places where it can be. It is only when we reconcile the inventory for one of those other locations against the reference collection that we will know absolutely where it is.

Mr. Yates. Well, but how many stones are in that kind of classification?

Mr. White. I can’t give you an absolute number because very often one catalog number might represent a number of pieces in one specimen box.

Mr. Yates. Okay.
Mr. White. So it is difficult.

Mr. Yates. What you are saying, if I can make some sense out of your answer, you have a collection of 200,000 objects which have been physically seen.

Mr. White. Yes, sir.

Mr. Yates. And in addition to that, you have other gems or minerals which are, at the moment, floating around——

Mr. White. No, sir.

Mr. Yates. Well, which are at the moment, in whereabouts unknown because you haven’t been able to reconcile their cards.
Mr. White. Their absence in one segment of the inventory can be reconciled by their presence in another segment when this has all been gathered.

Mr. Yates. Afterward. But you haven’t done it yet.

Mr. White. The examination of all the stones has occurred, sir. It is just a matter of reconciling these various lists in one final inventory.

Mr. Yates. I see. What you are saying, then, is that all the stones in your collection have been seen?

Mr. White. Exactly.

Mr. Yates. But you don’t know where some of them are, is that right?

Mr. White. No, sir, that is not correct.

Mr. Hughes. May I take a crack at it?

Mr. Yates. Yes, take a crack at it, Sam. Apparently I haven’t been able to figure this out.

Mr. Hughes. As I understand the situation, and I have spent a good deal of time with the inventory in the collection and management of the business, the gems and minerals collection consists of a very large number of items, 200,000 items.

Mr. Yates. 200,000, okay.

Mr. Hughes. Some of which are very similar to one another and hard to distinguish in one way or another, and which over many years have been moved around somewhat from one physical location to another.

Mr. Yates. All right.

Mr. Hughes. With regard to the valuable items I think we are rather confident we have all of them. We have seen them. We know in general what the valuable——

Mr. Yates. Are these the objects in the so-called Blue Room?

Mr. Hughes. Yes, and those that are on exhibit.

Mr. Yates. Those that are on exhibit. Okay. Go ahead.

Mr. Hughes. Let me finish my story. You can try me again.

Mr. Yates. All right. Go ahead.

Mr. Hughes. In the process of moving around, we have in a physical sense within the museum lost track of the precise locations of some items. I would hope it is a few but I don’t know that.

Items which should have been in the Blue Room are in the reference room, or whatever, or they have been put on exhibit, perhaps, without adequate recordkeeping exchanges.

And while we have seen 200,000 items, some of those items we might have seen in a location different from where the records show they should have been. Mr. White wants to reconcile those records with the eyeballing that has taken place before he gives you a precise answer, before he tells you that everything is actually accounted for. But he has seen 200,000 items.

Mr. Yates. Okay.

Mr. Hughes. And he thinks the——

Mr. Yates. He has seen 200,000 items. Well, 200,000 items have been seen.

Mr. Hughes. Not all of which are valuable. Yes.

Mr. Yates. 200,000 have been seen.

Mr. Hughes. Not all of which have any real or intrinsic value.
Mr. Yates. Why can’t the inventory team locate them for Mr. White then?
Mr. Hughes. Because they have shifted location.
Mr. Yates. During the course of the inventory?
Mr. Hughes. No. Over the last 50 or 100 years.
Mr. Yates. But, we are talking about an inventory team that has been working since Mr. Perrot started his inventory, not over the last 50 or 100 years.
Mr. Hughes. Yes.
Mr. Yates. We are talking about an inventory team that has seen them for purposes of establishing; you have them now and we are inventorying them.
Mr. Hughes. That is right. And we know where they are now. The question is, where did the accession records of X years ago put them? How do we reconcile—
Mr. Yates. But you haven’t seen those objects during the course of this inventory, have you?
Mr. Hughes. Yes, we think we have. Mr. White thinks he has.
Mr. Yates. Why do you talk about 50 or 100 years ago then?
Mr. Hughes. Because those items came into the museum, some of them, a long time ago.
Mr. Yates. Yes, but when were they seen last?
Mr. Hughes. They were seen probably with the inventory, but they may have changed location, and Mr. White isn’t sure whether he has seen them or not.
Mr. Yates. Well, do they change locations during the time of the inventory?
Mr. White. No, sir.
Mr. Hughes. No.
Mr. Yates. How is it possible then to have seen them during the time of the inventory? Go ahead, Mr. White. Mr. White wants to supplement that you have said.
Mr. White. If I may, sir, there was an earlier inventory many years ago. We are using this as the basis of our attempt to locate the items that are supposed to be in the collection.
Mr. Hughes. When was that?

AUDITOR’S REPORT OF GEMS COLLECTION—1982

Mr. Yates. Sam, Mr. White, let me read to you from the auditor’s report. This is the auditor’s report dated November 1982.
Is Mr. Peratino here?
Mr. Peratino. Yes, sir.
Mr. Yates. Hi, Mr. Peratino. You are a good, hard-working person and you have been trying to bring some order out of this for how long? Since 1972, I know. Before that, too?
Mr. Peratino. I came to the Institution in 1970.
Mr. Yates. Here is what you say in your report, Mr. Peratino, on page 6. Sam, listen to this, and Mr. White, listen to this, too.

Inventory and registration procedures. Significant improvements are needed in the inventory and registration procedures used by the division. Presumably this is at the time you are engaging in your physical inventory, isn’t it, for Mr. Perrot. Improvements are needed to assure that adequate controls are maintained, that excessive duplication of effort is avoided.
Okay. "Inventory control. The division collection currently consists of approximately 150,000 minerals and 10,000 gems." That differs a little bit from your figures. You said 200,000. He says 160,000. The collection is—Mr. Peratino, that is, says 160,000.

Where did you get your figures, Mr. Peratino? You got them from Mr. White?

Mr. Peratino. A museum specialist in the Division of Mineralogy estimated that there were 160,000.

Mr. Yates. Dr. White has just said it is 200,000.

Okay. I read on.

The collection is considered one of the finest in the world, and in monetary value is considered priceless. Values per specimen range from a low of $10 to well over a million dollars. Our review of the inventory control over the collection disclosed that, one, the inventory file for the gems collection reflected approximately 6,000 gems in the collection. Not the 10,000, but 6,000 gems in the collection, and had not been updated for the last two years.

Adjustments had not been made to either the gems or minerals inventory record for specimens that have been removed from the collection for the purposes of loan, exchange, or sold. Over 4,000 minerals are stored in the basement of NMNH under no inventory control.

None at all, Mr. Peratino?

Mr. Peratino. None.

Mr. Yates. No, none at all.

Mr. Peratino. At that time.

Mr. Yates. 1982.

Mr. Peratino. Yes. We were advised by the Division of Mineralogy personnel that the 4,000 minerals have been inventoried.

Mr. White. Yes.

Mr. Yates. They have been?

Mr. White. Yes, sir.

COLLECTIONS MANAGEMENT POLICY

Mr. Yates. When are you going to make another audit? "Although division officials advised us the specimens are of little monetary value, we have noted specimens with price tags reflecting values in the $300 to $400 range. Many specimens on loan to the division are not under inventory control." Has that been corrected?

Mr. Peratino. Yes, sir.

Mr. Yates. "We found instances where specimens donated to the museum have been exchanged or sold before they were inventoried." Has that been corrected? That is the past.

Mr. Peratino. That is the past.

Mr. Yates. So that is history. "The collections management policy of the Department notes that collection inventories will only be maintained if sufficient personnel are available." What does that mean?

Mr. Peratino. That is what the policy was then. That has been revised since then.

Mr. Yates. How has it been revised?

Mr. Peratino. It will be maintained it says now.

Mr. Yates. No. Why did they tell you if sufficient personnel are made available?

Mr. Peratino. That was the policy at that time.
Mr. Yates. Does that mean they didn’t have sufficient personnel at that time?
Mr. Peratino. I don’t know.

GEMS AND MINERALS INVENTORY PERSONNEL

Mr. Yates. Yes. All right. Why didn’t you tell that to somebody? Why didn’t you say that you couldn’t have an inventory because you didn’t have enough people to work with? Why didn’t you tell that to somebody, or did you?
Mr. White. I was not in a position to do so.
Mr. Yates. Who was in a position to do so?
Mr. Fiske. We have made available a sufficient number of people to carry out the inventory in the intervening time.
Mr. Yates. Why didn’t somebody then say—if you had a sufficient number of people, why didn’t somebody then tell the auditor that they will do it “if we have a sufficient number of personnel!”?
Mr. Peratino. That was the policy as it was stated.
Mr. Yates. Well, why doesn’t somebody in the Smithsonian tell us they need more personnel for that, then? Do you want to reply to that, Mr. Ripley, or Mr. Hughes, and tell us why, if you don’t have enough personnel to keep your inventories in shape, you don’t ask us for the money to do it?
Mr. Hughes. The inventory in the gems and minerals has been carried out.
Mr. Yates. You have enough people to do it?
Mr. Hughes. We have made the personnel available to do it.
Mr. Yates. You do have enough personnel to do it?
Mr. Hughes. Yes.
Mr. Yates. Then this shouldn’t have been in the audit report, should it?
Mr. Hughes. No, it was an accurate statement of the——
Mr. Yates. In 1982?
Mr. Hughes. Yes.
Mr. Yates. Your inventory was going on at that time?
Mr. Hughes. That is correct.
Mr. Yates. Why should they say at that time they didn’t have enough personnel?
Mr. Hughes. You will have to ask them.
Mr. Yates. I have to ask you because you and Mr. Ripley are the liaisons with this committee.
Mr. Hughes. My understanding is they have adequate personnel to maintain the inventory and to carry on an effective collection management policy now.
Mr. Yates. What is the status of the gems and mineralogy collections today? Do you want to tell us, Dr. White, or Dr. Fiske? What is the status? Mr. Peratino a year ago says that out of 160,000 minerals and gems—they have been fully inventoried, right?
Mr. Peratino. The inventory was not up-to-date at this time.
Mr. Yates. At the time of your audit.
Mr. Peratino. At the time of the audit. As a result of our finding this, reporting it, Mr. Ripley made an individual available to oversee the inventory and complete it as soon as possible. This has been
done with Dr. White overseeing it. It is my understanding that the inventory is almost complete right now.

RECONCILIATION OF GEMS AND MINERALS INVENTORY

Mr. Yates. But it is not 100 percent complete, because he has said that he is trying to find some gems. They have seen it but he doesn't know where the gems are.
Mr. Peratino. Could I try to clear this up for you?
Mr. Yates. Of course you may. Come sit at the table, Mr. Peratino.
Mr. Peratino. All right. As you say, they eyeballed 200,000 items and they inventoried them, okay? And they have almost done that.
Mr. Yates. Okay.
Mr. Peratino. The items Dr. White is talking about that they are looking for are from an old inventory listing that they had which said that there were certain items in the collection at that time. They are no longer there. Now, because, as they eyeballed these items, they marked off all the items they were finding on this old inventory, okay?
Mr. Yates. Yes.
Mr. Peratino. So there were some items on the old inventory that are no longer there. Well, they are not there because they were exchanged, or they were moved, or one thing or the other.
Mr. Yates. Are you, as auditor, satisfied that all the gems are there now?
Mr. Peratino. That all the gems are there?
Mr. Yates. Yes.
Mr. Peratino. I will not be satisfied with that until the reconciliation is made with the Registrar's records, and that is going to be, as Mr. Perrot said, somewhere, 10 years down the line before that is done.
Mr. Yates. Why 10 years down the line, Mr. Perrot? How long would it take you, if you had a team of how many people, to do it? How voluminous are these records?
Mr. Perrot. I wouldn't——
Mr. Yates. Have you seen these records?
Mr. Perrot. I have not seen the records.
Mr. Yates. So you can't answer that question. How long would it take? You took 10 years to put this inventory in shape?
Mr. Peratino. No, no. The inventory is in shape.
Mr. Yates. It can't be in shape as long as those records—I know what you are saying.
Mr. Peratino. You have a physical inventory.
Mr. Yates. Yes.
Mr. Peratino. Then you have documents which——
Mr. Yates. Which say that——
Mr. Peratino. Which show the accession of those—that inventory, okay?
Mr. Yates. Okay.
Mr. Peratino. You have the physical inventory?
Mr. Yates. Yes.
Mr. Peratino. But you may not have all the documents to support that physical inventory.
Mr. Yates. How do you know that you have all the gems, then?
Mr. Peratino. That is what I am just saying. You will not until you reconcile your physical inventory to your accessions documents.

Mr. Yates. So, you don’t know if they are all there at the present time, do you?
Mr. Peratino. No, sir.
Mr. Yates. All right. Dr. Fiske, are you listening to what the auditor is saying?
Mr. Peratino. But we had a choice here and the choice was let’s get control of what is there.

Mr. Yates. Right. Good.
Mr. Peratino. We have done that. That is what we are doing, will have done by June of 1983.

Mr. Yates. What is missing, valuable gems?
Mr. Peratino. We won’t know until we complete the other reconciliation.

Mr. Yates. How valuable are the gems that appear on the other reconciliation?
Mr. Peratino. That has not been done, and hasn’t been initiated because the primary thrust was let’s get control of what we have here.

Mr. Yates. All right. You now have control of what you have except for those additional gems that may or may not be in existence, right?
Mr. Peratino. Which additional gems?
Mr. Yates. The ones that are in those old records that you have to reconcile.

Mr. Peratino. Yes. Well, they are tracing those to see what happened to them. I guess they will find whether they were exchanged or whatever happened to them.
Mr. Yates. How many of those are there?
Mr. Peratino. I don’t know.
Mr. Yates. How many of those would you guess there are?
Mr. White. That is——
Mr. Yates. How many of them appear in your old records? How voluminous are your old records?
Mr. White. Well, they cover everything that was in the collection at that time, which is in excess of 100,000 specimens, probably 125——
Mr. Yates. At what time is this you are talking about?
Mr. White. 1973——
Mr. Yates. 1972 you had the old records and——
Mr. Peratino. No, they didn’t have an inventory in 1972. Subsequent to that audit they took an inventory of the collections.

Mr. Yates. When did they do that?
Mr. Peratino. 1974, sometime around there.
Mr. Yates. They found all the gems then?
Mr. Peratino. Well, no. Again, they took a physical inventory of the collection. They did not reconcile the physical inventory to the accession records.
Mr. Yates. Then we just don't know what the state of the gems collection is except for those gems that they have actually seen and inventoried?

Mr. Peratino. Yes, sir.

Mr. Yates. There may be others that are missing?

Mr. Peratino. Could be.

Mr. Yates. It could be.

Mr. Peratino. We don't know.

Mr. Yates. You don't know.

Mr. Peratino. We do know we are getting control over what we have.

Mr. Yates. Right, as a result of the money this committee has put into the budget.

Mr. Peratino. Right.

Mr. Yates. You say it is going to take 10 years to do the job?

Mr. Peratino. This phase of it.

Mr. Yates. Sam, he is an auditor.

Mr. Peratino. I don't know it is going to be 10 years. I said Mr. Perrot said that.

Mr. Hughes. I don't think it is going to take 10 years.

Mr. Yates. How long is it going to take? How much money do you need to finish this?

Mr. Hughes. I think it will take two or three years. If we are talking Institution-wide, we have some of the same kinds of things to do, reconciliations to do in other areas. We are talking about 200,000 items in the gems and minerals collection some of which have no substantial intrinsic value but scientific value. The gems collection is much smaller. Reconciliations there, valuable items reconciliation can take place in a relatively short time.

Mr. Yates. All right, Sam. I think we know what the state of the gems and minerals collection is now. We know there are some that may or may not be missing depending upon what the reconciliation shows, right? All right.

I want you to tell this committee how much money you need in order to bring the minerals and gems collection to a finite resolution as quickly as possible?

Mr. Hughes. We will provide that for the record and soon.

[The information follows:]

SMITHSONIAN INSTITUTION, DIVISION OF MINERALOGY, INVENTORY OF GEMS AND MINERALS

<table>
<thead>
<tr>
<th>Steps to be taken</th>
<th>Estimated completion date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Complete the physical inventory and enter the results into the computer</td>
<td>June 15, 1983.</td>
</tr>
<tr>
<td>2. Update the 1972 physical inventory for all accessions and deaccessions which</td>
<td>July 15, 1983.</td>
</tr>
<tr>
<td>have occurred between 1972 and the date of the current inventory</td>
<td></td>
</tr>
<tr>
<td>3. Compare the updated 1972 inventory to the current physical inventory</td>
<td>July 31, 1983.</td>
</tr>
<tr>
<td>Completion date will depend upon number of items to be checked. (This will account</td>
<td>Estimated completion date will be supplied around August 1, 1983.</td>
</tr>
<tr>
<td>for all collection items missing since the 1972 inventory.)</td>
<td></td>
</tr>
</tbody>
</table>

Mr. Yates. As to how we can do that as quickly as possible. Now, you have already asked for $1,804,000. That is in addition to that.

Mr. Hughes. Yes, future—
Mr. Yates. I am going to come back to you, Mr. Powers, on conflicts of interest. But don't go away, Mr. Peratino. In 1972, you talked about five different inventories with which you were troubled. Gems and minerals was only one. What about numismatics?

Mr. Peratino. That is in the process of being completed now.

Mr. Yates. Can we find out what the status of numismatics is? Who is in charge of numismatics?

Mr. Ripley. Mr. Kennedy.

Mr. Yates. Hello, Roger.

[Pause.]

SIZE OF THE GEMS AND MINERALS COLLECTION

Mr. Humelsine. Mr. Chairman, I would hope the record wouldn't show that there are 40,000 missing items.

Mr. Yates. Well, we don't know, do we? Mr. White doesn't know.

Mr. Hughes. No, but we can account for the difference in the two estimates—Mr. Peratino's estimate and Mr. White's 200,000.

Mr. Yates. Let's account for that. How many gems are in the unknown class? You don't know, do you?

Mr. Hughes. No. We are talking about different numbers. You referred to the difference between Mr. Peratino's estimate of 160,000 gems—

Mr. Yates. He got that figure from Dr. White, didn't he?

Mr. White. No, sir.

Mr. Yates. He didn't.

Mr. Hughes. There is an explanation of the difference. We can provide it for the record or give it now if you want.

Mr. Yates. Whichever way. I am trying to get this record as precise as possible. As of now you have seen 200,000 minerals and gems, right?

Mr. White. Yes, sir. I am in the habit—

Mr. Yates. Your inventory teams have seen 200,000 gems. You do not know, however, the location of some portion of the 200,000; is that correct?

Mr. White. At this moment—your question is a month and a half too early really, sir, because the deadline—

Mr. Yates. I am talking about today. If you want to come back in a month and a half, I will be glad to listen to you in a month and a half. But what is the point you are making?

Mr. White. Well, the deadline for the inventory is the 1st of June, as I understand it.

Mr. Yates. Will you know by the 1st of June the location of each of these items?

Mr. White. If we meet that deadline, yes, sir, I certainly—

Mr. Yates. Well, if you meet it, yes.

Mr. White. Well, it is out of my hands.

Mr. Yates. Mr. Peratino has just got through testifying and Mr. Perrot has just got through testifying it may take 10 years to reconcile these things.

Mr. White. He is talking about a different aspect of the problem.

Mr. Peratino. He is talking about the physical inventory being completed by June 1st.
Mr. Yates. Which will show the location of each of the gems and minerals, won't it?
Mr. Peratino. Yes, because they physically inventoried them.
Mr. Yates. Then what are you talking about? None will be missing, will they? You still won't know whether some are missing?
Mr. Peratino. We may have accessioned 300,000 gems and minerals. I am not saying we did, okay? Don't quote me later. And there is only 200,000 there.
Mr. Yates. Mr. Peratino, the committee looks upon you with great respect.
Mr. Peratino. Thank you.
Mr. Yates. For your reports and the efforts you have made. If you say there are 300,000 missing, we will believe you. Now, Mr. Ripley and Mr. Humelsine both just had heart attacks.
Mr. Humelsine. It is now gone from 40 to 140,000.
Mr. Yates. We don't know, do we? That is the point.
Mr. Humelsine. I think we do.
Mr. Yates. What do we know?
Mr. Humelsine. I think we know that there are 200,000 items that we have inventoried. Now, some of those things have to be reconciled.
Mr. Yates. Some have to be located?
Mr. Humelsine. That, there are 200,000 there. But they may—should be in this box and they are over in this box. You have got to make sure through this reconciliation that that is found out; correct?
Mr. Yates. When they check their accession records, they may find that instead of having 200,000 they had 205,000, or that 5,000 have been destroyed, lost, or sold, or exchanged, or something else. So that we cannot be precise about the figure of 200,000, and we cannot be precise about how many there are or are missing until all the records are reconciled. Is that right, Mr. Peratino?
Mr. Peratino. We can be precise that there are 200,000 there because they have eyeballed them, inventoried them.
Mr. Yates. That we know they have.
Mr. Peratino. That we can know. We cannot know whether there should be 205,000 there until this other reconciliation is complete.
Mr. Yates. All right. Is that going to be completed by June?
Mr. Peratino. No.
Mr. Yates. All right. But Mr. Hughes has assured us that he is going to furnish the committee with the amount of money the Smithsonian will need to bring that reconciliation into being within a very reasonable time.
Mr. Hughes. Yes, sir.
Mr. Yates. Not the 10 years Mr. Peratino talks about, or Mr. Perrot talks about.
Mr. Perrot. Mr. Chairman, just for the record may I say it was in 1978 when I said 10 years, not in 1983.

NUMISMATICS COLLECTION

Mr. Yates. All right. Now, let us talk about numismatics, Mr. Kennedy.
Mr. Kennedy. Mr. Chairman, the national numismatics collection has about 800,000 items. I can give you a report now of those uncompleted tasks within the 800,000 items. There are 4,173 coins and small numbers of other items on exhibit. Their inventory is not formally completed.

Mr. Yates. What does that mean when you say they have yet to be completed?

Mr. Kennedy. They are on exhibit, they are within cases and they have not yet each been physically inventoried. There were 16,000 Far Eastern coins being counted by category as of March 11, and a large number of those have subsequently been counted by a contractor, that is, a person that does that work specifically for us.

There are 107,000 certified proofs in the currency collection, remaining to be sampled against lists. This method has worked well for the 225,000 proofs we have already checked. We can do that predictably and that should be done by the end of June. There are about 20,000 miscellaneous items, in currency as well as coins, to be processed. We estimate that we can complete the physical inventory in this collection of 800,000 items by the end of June or early July. Is that correct Doug?

Mr. Evelyn. Yes.

Mr. Kennedy. Mr. Evelyn is deputy director of Museum for American History. As is true of the other collections referred to, the physical inventory precedes the reconciliation of that inventory against the records, some of which in our case go very far back indeed. That reconciliation is the next step. That will take a little more time.

Mr. Yates. Mr. Kennedy, what do you mean by a little more time?

Mr. Kennedy. I would stick with Mr. Hughes' estimate of another year, or two. Our records, because they go back to the origins of these collections, may be a little tougher to find. The condition of those records is in some cases just physically difficult to work your way through. But I should think, sir, that a year or two would do it in this collection for us.

Mr. Yates. The Smithsonian then has a major problem of reconciling records in order to complete this inventory, not only with respect to minerals and gems—

Mr. Kennedy. Yes.

PHILATELIC COLLECTION

Mr. Yates. Also numismatics. What about postal history, is that with you, too?

Mr. Kennedy. Yes, sir.

Mr. Yates. Tell us the state of that.

Mr. Kennedy. We have completed our physical inventory of philately collection; that is about 13 million items. The count has been taken. Many of those are batched, of necessity. They come in sheets and the like. We will need an individual breakdown next, but for working purposes, the inventory of the national philately collection is physically complete.

Mr. Yates. I should have asked you whether your inventory shows anything to be—well, would your physical inventory and the
records you have, indicate that any of the numismatics or postal history were missing?
Mr. Kennedy. No, it would not tell you that because what you are doing is identifying what you now own. Then the next step is to check what you now own against what you thought you owned. What we do have at this point would be indications of any obvious discrepancies of significant items that people knew about. We have not found any of those.

FIREARMS COLLECTION

Mr. Yates. All right. Firearms is yours, too?
Mr. Kennedy. Yes, sir. The inventory has been computerized by now. There were thefts which were reported to this committee in the sixties.
Mr. Yates. In the sixties?
Mr. Kennedy. Yes.
Mr. Yates. All right.
Mr. Kennedy. I believe in 1967 or 1969.
Mr. Yates. Okay.
Mr. Kennedy. The circumstances of those thefts have been again systematically reviewed by us and we have found instances where we want to pursue the circumstances reported to you further. We are confident that the physical inventory of the firearms collection is now complete. We are not yet satisfied that we know all that we need to know about any losses that may have occurred prior to 1968. Those losses may have occurred prior to the time that they were adequately inventoried and surveyed. Those may have gone back into the fifties. We do have some indication that there may have been some losses prior to 1960, simply because pieces show up, sometimes in the market, and we are checking those out very carefully and dealing with the appropriate law enforcement officials.

JEWELRY COLLECTION

Mr. Yates. Thank you. You don't have jewelry. Yes, you do because you have the costumes.
Mr. Kennedy. We do. The jewelry that belongs in several, it happens, of our collections has been completed. That inventory is finished.
Mr. Yates. Do you have a question of reconciling records?
Mr. Kennedy. Yes, sir. We do, of course, throughout the museum in various collections, but that is natural in this status.

AUDITOR'S REPORT OF JEWELRY COLLECTION

Mr. Yates. If I remember the 1972 audit, Mr. Peratino said something about jewelry records being rather poor. Is my memory right on that? Division of Costumes and Furnishings. You say in the 1972 inventory:
"Our review of the Division of Costume and Furnishings' inventory control records disclosed that a physical inventory of the jewelry collections on hand has never been taken to determine whether any property is missing. The current Assistant Curator specializing in Costume, advised us that a complete inventory of the jewelry
collection had not been taken during her tenure as Assistant Curator at the Smithsonian. She further advised us that she had no evidence that such an inventory had been taken prior to her assignment to the Division as Assistant Curator. The Division’s written operating procedures do not provide for periodic physical inventories. We feel that these procedures should be revised to require such inventories.”

You go on further, Mr. Peratino, and say:

The Assistant Curator advised us that the jewelry collection contained items valued from $5 to $250,000 in value. We selected for review all of the items in the collection that the Assistant Curator valued at over $15,000, and found that all of these specimens were on hand. The remaining specimens, numbering approximately 2,600 and ranging in dollar value from $5 to $15,000, were reviewed on a selected basis. We selected, at random, 40 jewelry specimens from the inventory control records to trace to the actual specimens in the collections. We were only able to locate 37 of these 40 specimens. The Assistant Curator, at the time of our audit, could not locate the other three specimens.

They had apparently been lost or misplaced, and the value placed in the $5 to $300 range. So again you have a major task of reconciling the cards.

Mr. Kennedy. Yes, sir.

MISSING ITEMS

Mr. Yates. You reported a couple years ago that George Washington’s sword had been stolen.

Mr. Kennedy. Yes.

Mr. Yates. We have concentrated—

Mr. Kennedy. Excuse me, sir. My recollection is that there were other swords, ceremonial swords presented, but I don’t believe, sir, it was George Washington’s. But a sword, yes.

Mr. Yates. A sword. I thought it was Washington’s. At any rate I have asked questions this morning about the five collections that apparently the auditor was concerned about. I have not asked questions except generally about the loss of other objects. Does your inventory show—or you won’t know the answer to that until your records are reconciled, or do you know about actual physical losses as a result of what the guards have told you, or what you have found in addition to the sword since you last reported that?

Mr. Kennedy. We do not know of any items whose loss has appeared, either through the mechanism you allude to, that is, somebody tells us something is missing, we know of no such losses, nor has the physical inventory process in association with conspicuous items yielded any such signals.

ANNUAL SPOT CHECKS

Mr. Yates. Thank you, Roger. I want to ask another question as long as we have the distinguished company of Mr. Peratino with us this morning.

Mr. Peratino, you conducted two audits that we know about of the Smithsonian objects. Have you conducted other audits?

Mr. Peratino. Yes, sir.

Mr. Yates. Of objects?

Mr. Peratino. Yes, sir. It is something that would be of importance to you. Annually under the collections policies, our office is
required to spot check the collections which have been completely inventoried or where individual collections have been completed within museums. Like some are 100 percent, others are 85 percent. We spot check annually and issue reports on those that are 100 percent completed. We have not found, in performing the spot checks, any items missing. In other words, the items that were inventoried, were there during our spot checks.

Mr. Yates. I see. Everything is fine then?

Mr. Peratino. The spot checks are showing that the items that have been inventoried are there. But this is on a selected basis.

Mr. Yates. What items have you checked? What have you spot checked, and the items?

Mr. Peratino. Specifically—I can provide it for the record.

Mr. Yates. OK.

[The information follows:]
REPORT ON AUDIT
OF
FISCAL YEAR 1982 SPOT-CHECK OF
COLLECTION INVENTORIES

BY THE
OFFICE OF AUDITS
OFFICE OF THE UNDER SECRETARY
SMITHSONIAN INSTITUTION
SEPTEMBER 1982
The Office of Audits, Office of the Under Secretary has completed the fiscal year 1982 spot-check of collection inventories. The inventory was performed as required by Office Memorandum 804, dated September 21, 1978, and was made under the authority delegated in Office memorandum 752 (rev.), dated March 9, 1982.

PURPOSE AND SCOPE

The purpose of the spot-check was to test the accuracy of the collection inventories by (1) statistically selecting certain collection items and then locating the actual items, and (2) statistically selecting certain collection items, then determining whether or not they were entered into the inventory system.

The scope of our review included five of the Smithsonian museums: Freer Gallery of Art (FGA); Hirshhorn Museum and Sculpture Garden (HMSG); National Museum of American Art (NMAA); National Portrait Gallery (NPG); and National Museum of Natural History (NMNH). We limited our spot-check by concentrating on sensitive, high-dollar value objects in selected collections. We were assisted by the Associate Curator, 20th Century Paintings and Sculpture, NMAA in our spot-check of HMSG and by the Historian, Department of Paintings and Sculpture, HMSG, in our spot-check of NMAA and NPG.

GENERAL COMMENTS

The Smithsonian Registrar's Report on the Status of Collection Inventories, dated August 1982, is summarized as follows:
Estimated High-Dollar Value/Sensitive Items

<table>
<thead>
<tr>
<th>Museum</th>
<th>Estimated Totals</th>
<th>Units Inventoried</th>
<th>Percent Complete</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FG A</td>
<td>26,049</td>
<td>26,049</td>
<td>100%</td>
<td>23,450</td>
</tr>
<tr>
<td>HMSG</td>
<td>7,489</td>
<td>7,489</td>
<td>100%</td>
<td>5,000</td>
</tr>
<tr>
<td>NMAA</td>
<td>25,546</td>
<td>20,382</td>
<td>79%</td>
<td>12,775</td>
</tr>
<tr>
<td>NPG</td>
<td>10,962</td>
<td>10,962</td>
<td>100%</td>
<td>6,000</td>
</tr>
<tr>
<td>NMNH</td>
<td>2,289,790</td>
<td>1,645,683</td>
<td>72%</td>
<td>402,162</td>
</tr>
<tr>
<td></td>
<td>2,359,836</td>
<td>1,710,565</td>
<td></td>
<td>449,387</td>
</tr>
<tr>
<td>Others</td>
<td>16,474,548</td>
<td>11,342,283</td>
<td>69%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>18,834,384</td>
<td>13,052,848</td>
<td>69%</td>
<td></td>
</tr>
</tbody>
</table>

1/ NMNH is following the procedure of creating a single inventory record for each transaction. The number of individual specimens accounted for in a transaction will depend on the nature and significance of the material being inventoried and may vary from one specimen to several million. The total estimated specimens for NMNH is about 62.7 million.

RESULTS OF SPOT-CHECK

The number of inventory records spot-checked, and the sampling basis used to select records for the spot-check follows:
In our random number spot-checks, made from the inventory record to the object/specimen, we accounted for all of the collection items.

In our judgement spot-checks, made from the object/specimen to the inventory record, all items were included in the inventory except for seven fur items in the Mammals Division, Department of Vertebrate Zoology, NMNH. One item was located in the Fur Vault, NMNH, and six of these items were located at the Smithsonian Institution Service Center (SISC), 1111 North Capital Street.

A subsequent review by the Mammals Division inventory personnel disclosed that a total of five items in the Fur Vault and 60 items at SISC were omitted from the inventory.

We were advised that apparently one small section of pipe, on which the five items were hanging in the Fur Vault, NMNH, had been omitted from the inventory.
Although NMNH personnel had several possible explanations for the omission of these items, they were not sure how it occurred. We were further advised that the 60 items had been transferred from NMNH, before being inventoried, to SISC which had been inventoried and therefore were omitted from the inventory at both locations.

We have reported the omission of these collection items from the Mammals Division inventory to the Security Services Division, Office of Protection Services, for review.

We wish to express our appreciation for the cooperation and courtesies extended to us by Smithsonian officials contacted during this spot-check of the collection inventories.

cc: Secretary's Executive Committee
Messrs. Burke and Leslie
REPORT ON AUDIT

OF

THE STATUS OF THE SMITHSONIAN

COLLECTION INVENTORIES

BY THE

OFFICE OF AUDITS

OFFICE OF THE UNDER SECRETARY

SMITHSONIAN INSTITUTION

SEPTEMBER 1982
Chris S. Peratino
Report on Audit of the Status of the Smithsonian Collection Inventories

TO: Secretary Ripley

The Office of Audits, Office of the Under Secretary, has made a review of the status of the Smithsonian collection inventories. The review was made under the authority delegated in Office Memorandum 752 (rev.), dated March 9, 1982.

SCOPE AND PURPOSE OF REVIEW

The review was performed at five of the ten Smithsonian museums: National Museum of Natural History (NMNH); National Museum of American History (NMAH); National Air and Space Museum (NASM); National Museum of American Art (NMAA); and National Museum of African Art (NMAFA).

The Cooper-Hewitt Museum (C/H) was excluded from our review because an audit of that museum in September 1981, disclosed that the inventory was progressing satisfactorily. In addition, the Smithsonian Institution (SI) Registrar advised us that he and the Executive Assistant to the Assistant Secretary for History and Art have each made subsequent periodic trips to C/H and found that the C/H inventory was progressing satisfactorily.

The remaining four museums have completed their collection inventories: National Zoological Park; Freer Gallery of Art; National Portrait Gallery; and Hirshhorn Museum and Sculpture Garden.

We excluded from our review the Gems and Minerals Division of the Department of Mineral Sciences, NMNH, because our office recently completed an audit of that division, and a complete inventory of the Division's collections is in progress.

The purpose of our review was to evaluate: The accuracy of inventory statistics reported by the SI
Registrar; the museum's plans for meeting the June 1, 1983 inventory deadline; and the adequacy of the procedures for recording current transactions (new objects added to the collections, deaccessions, loans, transfers, etc.) in the museums' inventory records.

GENERAL COMMENTS

The SI Registrar's Report on the Status of Collection Inventories, dated August 1982, is summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>Estimated Total</th>
<th>Units Inventoried</th>
<th>Percent Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td>NMNH</td>
<td>2,289,790</td>
<td>1,645,683</td>
<td>72%</td>
</tr>
<tr>
<td>NMAH</td>
<td>16,254,198</td>
<td>11,154,177</td>
<td>69%</td>
</tr>
<tr>
<td>NASM</td>
<td>34,000</td>
<td>24,067</td>
<td>71%</td>
</tr>
<tr>
<td>NMAA</td>
<td>25,546</td>
<td>20,382</td>
<td>79%</td>
</tr>
<tr>
<td>NMAFA</td>
<td>8,500</td>
<td>6,000</td>
<td>71%</td>
</tr>
<tr>
<td>C/H</td>
<td>175,000</td>
<td>155,189</td>
<td>89%</td>
</tr>
<tr>
<td>Completed Museums</td>
<td>47,350</td>
<td>47,350</td>
<td>100%</td>
</tr>
<tr>
<td>Totals</td>
<td>18,834,384</td>
<td>13,052,848</td>
<td></td>
</tr>
</tbody>
</table>

1/ NMNH is following the procedure of creating a single inventory record for each transaction. The number of individual specimens accounted for in a transaction will depend on the nature and significance of the material being inventoried and may vary from one specimen to several million. The estimated total specimens is about 62.7 million.

RESULTS OF REVIEW

Accuracy of Statistics

Our review disclosed that the inventory statistics reported by the SI Registrar appear to be accurate.
Museums' Plans for Meeting Inventory Deadline

We reviewed the museums' plans for completing the inventory of collections by June 1, 1983. It appears that all of the museums should complete their inventory by June 1, 1983 except for NMNH and NMAH.

In NMNH, the inventory of the Museum Support Center (MSC) collections in the Department of Paleobiology has been deferred until the collections are moved to MSC, sometime after June 1, 1983.

In NMAH, the shelf inventory (actual physical count) of the museum should be completed by June 1, 1983. At this time, however, it cannot be determined whether all of the data will be computerized by the deadline.

Adequacy of Procedures

Our review disclosed that the procedures for recording current transactions in the museums' inventory records appear to be adequate at all of the museums except NMAH.

At NMAH, all objects entering or leaving the museum should pass through the Office of the Registrar's Object Processing Facility (OPF). Although these objects are logged in and appropriate documents are prepared, procedures have not been established to capture new objects in the inventory file.

The Deputy Director, NMAH advised us that he will initiate action to start capturing all new objects, passing through OPF, in the inventory file. The Deputy Director further advised us that he will initiate action to capture in the inventory file, all new objects received in divisions whose inventory has been completed. We believe that these actions, if properly completed, will correct the situation.

We wish to express our appreciation for the cooperation and courtesies extended to us by Smithsonian officials contacted during our review.

cc: Messrs. Hughes, Challinor, Blitzer, Jameson, Hohenlohe, Powers, Fiske, Kennedy, Boyne, Eldredge and Fern

-3-
FOLLOW-UP PROCEDURES

Mr. Peratino. I will give you a copy of the report.
Mr. Yates. You have spot checked these items.
Mr. Peratino. Annually we are doing it.
Mr. Yates. That is good. What other audits have you made?
Mr. Peratino. Of the Institution?
Mr. Yates. Yes.
Mr. Peratino. Oh, many.
Mr. Yates. Many.
Mr. Peratino. Yes, sir.
Mr. Yates. Such as what?
Mr. Peratino. The entire Institution. We have audited almost every activity within the Institution.
Mr. Yates. Have you really?
Mr. Peratino. Yes, sir.
Mr. Yates. Have you gone back to see whether they have complied with your audits?
Mr. Peratino. Yes, sir. We have a follow-up system.
Mr. Yates. You do. What has been the result on the follow-ups? Do they ever listen to you?
Mr. Peratino. Oh, yes, sir.
Mr. Yates. They do.
Mr. Peratino. Yes, sir.
Mr. Yates. OK. All right. Are there any——
Mr. Peratino. I could say that I feel that the action on our recommendations is as Sam said, when he came over and he saw what was being done, better than any he has seen anywhere. He was with the General Accounting Office.
Mr. Yates. I know.
Mr. Hughes. Yes.
Mr. Yates. Yes. You were also with the Bureau of the Budget?
Mr. Hughes. I was. I have been around.
Mr. Yates. You have been around.
Mr. Peratino. We do get very good response.
Mr. Yates. Are there instances of where you did not get a very good response?
Mr. Peratino. Are there instances?
Mr. Yates. Instances of where you have finished audits, waited for responses and they didn’t——
Mr. Peratino. No, no. We follow-up. If they don't take action on it, I report it to Sam and Mr. Ripley and they see that action is taken.
Mr. Yates. Anything else you want to tell us, Mr. Peratino?
Mr. Peratino. No, sir.
Mr. Yates. It is a very good institution?
Mr. Peratino. Excellent.
Okay. It would be in order, would it not, to provide the committee with a list of the audits that have been made?
Mr. Hughes. Sure.
Mr. Yates. So we can see just what troubled Mr. Peratino about it. Say the last few years, since Sam came onboard.
Mr. Hughes. I believe you have the reports.
Mr. Yates. We only have two reports.
Mr. Peratino. No, they don’t have the reports.
Mr. Yates. He said he has had many audits.
Mr. Peratino. Yes, sir.
Mr. Yates. Maybe he can give you a list of what you have done.
[The information follows:]
<table>
<thead>
<tr>
<th>DATE OF REPORT</th>
<th>REPORT TITLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 1980</td>
<td>Office of Personnel Administration</td>
</tr>
<tr>
<td>January 1981</td>
<td>National Museum of Natural History Inventory Project</td>
</tr>
<tr>
<td>January 1981</td>
<td>Consulting Services at the Smithsonian</td>
</tr>
<tr>
<td>January 1981</td>
<td>Research Management</td>
</tr>
<tr>
<td>February 1981</td>
<td>Archives of American Art</td>
</tr>
<tr>
<td>February 1981</td>
<td>Protection Division</td>
</tr>
<tr>
<td>March 1981</td>
<td>Office of Equal Opportunity</td>
</tr>
<tr>
<td>March 1981</td>
<td>Cash Controls Over National Air and Space Museum Facilities Operations</td>
</tr>
<tr>
<td>March 1981</td>
<td>Work Order System at the Conservation and Research Center</td>
</tr>
<tr>
<td>March 1981</td>
<td>Smithsonian Foreign Currency Program</td>
</tr>
<tr>
<td>April 1981</td>
<td>Smithsonian Institution Libraries</td>
</tr>
<tr>
<td>April 1981</td>
<td>Management of Automatic Data Processing in the Washington, DC Area</td>
</tr>
<tr>
<td>May 1981</td>
<td>Fulfillment Operations</td>
</tr>
<tr>
<td>May 1981</td>
<td>Office of the Registrar</td>
</tr>
<tr>
<td>June 1981</td>
<td>Office of Telecommunications</td>
</tr>
<tr>
<td>June 1981</td>
<td>Office of Folklife Programs</td>
</tr>
<tr>
<td>July 1981</td>
<td>The Research Institute on Immigration and Ethnic Studies</td>
</tr>
<tr>
<td>July 1981</td>
<td>Follow-Up on Open Recommendations in Audit Reports</td>
</tr>
<tr>
<td>August 1981</td>
<td>Fiscal Year 1981 Spot-Check of Collection Inventories</td>
</tr>
<tr>
<td>October 1981</td>
<td>National Human Studies Film Center</td>
</tr>
<tr>
<td>September 1981</td>
<td>Chesapeake Bay Center for Environmental Studies</td>
</tr>
<tr>
<td>November 1981</td>
<td>National Museum of Natural History</td>
</tr>
<tr>
<td>November 1981</td>
<td>Office of Museum Programs</td>
</tr>
<tr>
<td>Month</td>
<td>Year</td>
</tr>
<tr>
<td>------------</td>
<td>------</td>
</tr>
<tr>
<td>November</td>
<td>1981</td>
</tr>
<tr>
<td>December</td>
<td>1981</td>
</tr>
<tr>
<td>January</td>
<td>1982</td>
</tr>
<tr>
<td>February</td>
<td>1982</td>
</tr>
<tr>
<td>March</td>
<td>1982</td>
</tr>
<tr>
<td>March</td>
<td>1982</td>
</tr>
<tr>
<td>April</td>
<td>1982</td>
</tr>
<tr>
<td>May</td>
<td>1982</td>
</tr>
<tr>
<td>June</td>
<td>1982</td>
</tr>
<tr>
<td>June</td>
<td>1982</td>
</tr>
<tr>
<td>July</td>
<td>1982</td>
</tr>
<tr>
<td>July</td>
<td>1982</td>
</tr>
<tr>
<td>July</td>
<td>1982</td>
</tr>
<tr>
<td>August</td>
<td>1982</td>
</tr>
<tr>
<td>August</td>
<td>1982</td>
</tr>
<tr>
<td>September</td>
<td>1982</td>
</tr>
<tr>
<td>September</td>
<td>1982</td>
</tr>
<tr>
<td>November</td>
<td>1982</td>
</tr>
<tr>
<td>December</td>
<td>1982</td>
</tr>
<tr>
<td>December</td>
<td>1982</td>
</tr>
<tr>
<td>January</td>
<td>1983</td>
</tr>
<tr>
<td>January</td>
<td>1983</td>
</tr>
<tr>
<td>February</td>
<td>1983</td>
</tr>
<tr>
<td>April</td>
<td>1983</td>
</tr>
</tbody>
</table>
FINANCIAL DISCLOSURE STATEMENTS

Mr. Yates. Let us go back to Mr. Powers.
Mr. Powers. Mr. Humelsine has testified that his Personnel Committee of the Regents reviews the conflict of interest statements of the higher echelon of officials at the Smithsonian, top level, leaving to you the other task of—well, Mr. Ripley. Then Mr. Ripley has moved it over to you, leaving to you the task of looking at the conflict of interest statements of others who work for the Smithsonian. You have told us that you have given that job to Mr. Ullberg. Mr. Ullberg has told the reporter that he doesn’t really pay any attention to them.
Mr. Powers. That would—I am sorry?
Mr. Yates. Well, Mr. Ullberg has told the reporter, according to what I read in the newspaper, and I will read the verbatim quote ascribed to him, he really doesn’t pay too much attention to them. Mr. Ullberg is quoted as saying that—"Mr. Desautels’ forms were reviewed but not formally approved or disapproved. The responsibility is on the individual employee to come and talk to me if he thinks he has a problem," says Mr. Ullberg.
Now, Mr. Humelsine has said, he does a much better job with the top level people.
Mr. Humelsine. No, sir, I did not.
Mr. Yates. I thought you did.
Mr. Humelsine. I explained how we did it.
Mr. Yates. Well, then you left the impression. I am sorry you didn’t do a better job. But you left the impression with me that you did do a better job. Because you looked at it, and you decided whether a conflict of interest existed.
Mr. Humelsine. That is right.
Mr. Yates. Is that correct?
Mr. Humelsine. That is correct.
Mr. Yates. That I think is a better job. According to what— Mr. Humelsine. I didn’t say that. That is what I want to make clear.
Mr. Yates. Oh, I see. I was ascribing to you a talent that you didn’t want to claim, right?
Mr. Humelsine. I will accept it.
Mr. Yates. Now that you have explained it, you will accept it. As a matter of fact, you do very well. Something Mr. Powers doesn’t do, unless he does it and hasn’t told us about it. Because in your letter, this letter dated October 7, 1982, signed by Kenneth Rush, George Mahon and Carlisle Humelsine, you say this:
As a result of our careful review of these statements, the confidential statements, we, and following our discussion of them at a committee meeting of October 7, we have unanimously decided that there is no conflict of interest whatsoever involved, and no action of any kind concerning conflict of interest need be taken with regard to any employee.
Mr. Humelsine. That is correct.
Mr. Yates. Judge, you don’t do that, do you? According to what Mr. Ullberg says.
Mr. Powers. I think what Mr. Ullberg was trying to say was that he had not completed the process with Mr. Desautels at the time that the investigation began by the auditors.
Mr. Yates. That isn't what he said. He said the responsibility is on the individual employee to come and talk to me if he thinks he has a problem.

Mr. Powers. That is true, too.

Mr. Yates. I know.

Mr. Powers. I read you the portion from the form which says just that. And the purpose of stating that was to indicate that the form, filing the form is not a substitute for seeking guidance in any question which might be doubtful under the standards of conduct. And the person in question has never done that.

Mr. Yates. Perhaps then I was wrong in drawing the inference that I did. Mr. Ullberg did not review the conflict of interest forms. Does he do it?

Mr. Powers. Yes.

Mr. Yates. You assert that he has. Does he certify that no conflict of interest exists on any of the forms, as Mr. Humelsine's group does for the top level employees?

Mr. Powers. At the bottom of the form there is a space for the signature of the reviewing official which says that the information contained in this report discloses no conflict of interest under applicable laws and Smithsonian standards.

Mr. Yates. Do you know whether Mr. Ullberg has signed each of the forms for the Smithsonian employees whose statements he has reviewed?

Mr. Powers. Yes.

Mr. Yates. He has?

Mr. Powers. Yes. Now remember there are about 400.

Mr. Yates. I know there are 400?

Mr. Powers. Yes.

Mr. Yates. What you are saying is that he has reviewed 400 of them, aren't you?

Mr. Powers. Whatever number there is.

Mr. Yates. Well, but you just said it was 400. Don't tell me now "whatever the number is."

Mr. Powers. There are a certain number each year which fit the criteria of people who have to file these. These are the people with power to make commitments of institutional resources and so forth. Yes, he reviews them. When he is finished, he signs them. I don't believe he ever finished with Mr. Desautels because he couldn't get any information from Desautels about what he had written on the form.

Mr. Yates. What year is this we are talking about?

Mr. Powers. 1980 and 1981. No, 1979 and 1980. That is to say the forms filed in 1980 and 1981. These are the ones referred to in the article.

Mr. Yates. Well, then what happened with Mr. Desautels? What do you do if he doesn't give you that information?

Mr. Powers. I suppose ultimately a man can be fired.

Mr. Yates. I am not asking you what ultimately a man can be fired. You are telling this committee that Mr. Ullberg could not get certain information that was called for under that form, and therefore he did not sign Mr. Desautels' forms. What happened to Mr. Desautel in 1980 and 1981? What happened in 1980 when he gave you that form? Did you call that to the attention of Mr. Ripley?
Mr. Powers. No, I don’t believe I did.

Mr. Yates. Why wouldn’t you do that?

Mr. Powers. There was nothing on the form which indicated there was something improper. There was simply a question of getting further information about what the— the brief information was. In fact, to this day in spite of the articles and so forth there has been no indication which indicates that what Mr. Desautels was doing in these circumstances was improper. That is the matter that is under investigation and under question.

Mr. Yates. You mean by the Department of Justice?

Mr. Powers. Right.

Gemini Trust Corporation

Mr. Yates. Well, isn’t that your decision? When you read in the newspaper that Mr. Desautels, and I am reading from the articles, is receiving payment while he is working for the Smithsonian from Mr. Sams and from Mr. Yampol’s Gemini Trust, doesn’t that raise doubts in your mind as to whether there was a conflict of interest?

Mr. Powers. Well, I read these particular articles when they came out about three weeks ago, or whenever it was.

Mr. Yates. I see. Are you saying that at the time in 1980 and 1981, you did not know that Mr. Desautels was receiving—had received or was receiving payment from Mr. Sams or from Mr. Yampol?

Mr. Powers. As I recall he wrote on his form some reference to the Gemini Corporation in one year. And as he himself says, it was not the $20,000 but $5,000. And some reference to either Mr. Sams or Mr. Sams’ organization the second year, with another figure. On the face of it there is no impropriety that is revealed in that, by so writing. Mr. Ullberg was in the process of trying to find out further, which we do for a number of things that are filled in on these forms, just what it is.

Mr. Yates. Well, Mr. Ullberg saw this written into that form by Mr. Desautels in 1979.

Mr. Powers. No, in 1980.

Mr. Yates. 1980. All right. He saw it written into his form in 1980.

Mr. Powers. Yes.

Mr. Yates. Then you say Mr. Ullberg then asked Mr. Desautels and was in the process of trying to get additional information. What happened as a result of Mr. Ullberg’s efforts to obtain additional information?

Mr. Powers. I don’t know. I believe he did not succeed in getting Mr. Desautels to provide any additional information. I am not sure he pressed him as hard as he should have in view of the present circumstances. But in any event, he did not succeed.

Mr. Yates. Here is a briefing concerning the Department of Mineral Sciences, dated July 9th, 1982. I don’t know who prepared this. Who gave this to us, Sam?

Mr. Hughes. That is part of the material we sent to the Department of Justice, prepared by James McGuire.

Mr. Yates. Who is James McGuire?
Mr. Hughes. He is part of the protective staff. He is an investigator on the protective staff of the Smithsonian.

Mr. Yates. In whose office?

Mr. Hughes. Mr. Burke’s, who in turn works for Mr. Jameson.

PROVENANCE MINERALS

Mr. Yates. Mr. Burke works for Mr. Jameson. All right. This is prepared by him. This is a briefing of what took place on July 9, 1982.

Mr. Hughes. I believe it is a summary prepared on that date—

Mr. Yates. That is correct.

Mr. Hughes. [continuing]. Of a number of events.

Mr. Yates. That is correct. Among the events that they talk about, and I won’t go into all of this, but there is the paragraph on conflict of interest. It says “the financial disclosure records for Messrs. Paul Desautels and John White will be made available for review only pursuant to a subpoena or pursuant to voluntary releases signed by Desautels and White.” Nonetheless interviews with a representative of the Office of General Counsel developed the following allegations. That Mr. Desautels received a salary from “Provenance Minerals” of $30,000 in 1980. (According to Mr. Peratino’s memo of May 11, 1982, Provenance is owned by P. D. Sams and Mr. Desautels is a consultant to Sams.)

That is 1980, now. Now that is an interview with a representative of the Office of General Counsel. Who is that representative?

Mr. Peratino. I believe it was Mr. Ullberg.

Mr. Yates. Yes, it was Mr. Ullberg. So Mr. Ullberg did know about it, didn’t he? According to this briefing, right?

Mr. Hughes. That is 1982.

Mr. Yates. Yes.

Mr. Powers. He knew what was written on the form, which is “Provenance Minerals.” We didn’t know who Mr. Sams was or what the relationship was, and so forth. That is what we were trying to find out.

Mr. Yates. And you never found out.

Mr. Powers. No.

Mr. Yates. Shouldn’t you have called it to Mr. Ripley’s attention that this was taking place? Why, if you couldn’t find out, do you then just dismiss it?

Mr. Powers. You keep trying. If the person you are trying to get doesn’t answer the phone, you keep trying. We try and run this thing largely, in fact, it has to be done largely with the assistance and with the voluntary compliance of the employees. There has never been a case I can think where we had to threaten an employee in order to get the compliance. But this may have been the case we should have done so.

PURPOSE OF FINANCIAL DISCLOSURE STATEMENTS

Mr. Yates. Why do your employees have to file conflict of interest forms?

Mr. Powers. It is for two purposes. One is to alert them to the requirements of the law, and the requirements of the things that might cause conflicts of interest. And for their own benefit, to give
them a procedure or a review where they will get advice on particular items that might be difficult.

Mr. Yates. Is not one of the purposes to advise the management of the Smithsonian of a possible conflict of interest existing in one of their employees?

Mr. Powers. Only if it cannot be resolved. The chief purpose is to resolve those conflicts at the point of review, by the people in our office, and with the individual.

Mr. Yates. Are you still trying to resolve it? You say you never got the information. At that point are you suppose to talk to either Mr. Ripley or Mr. Hughes?

Mr. Powers. At the point where—this was only one portion of the larger problem that we have been discussing today. But at the time we were discussing the possibility of sending the entire file to the Justice Department, I did not pursue it any further trying to find out about Mr. Sams. The auditors were into that.

DEPARTMENT OF JUSTICE INVOLVEMENT

Mr. Yates. When did Smithsonian decide to go to the Justice Department?

Mr. Hughes. Reflected in that. We actually went in July, I think it was the 16th of July, 1982.

Mr. Yates. All right. So what happened for two years with respect to Mr. Desautels' conflict of interest form?

Mr. Powers. When was the audit? It started internally considerably before that. In 1981?

Mr. Hughes. There was a general audit of the Museum of Natural History late in 1981, followed by a more focused audit completely on the gems and minerals, late 1981 and early 1982, as I recall it. Those audits revealed several problems of a procedural nature. These raised questions whether in fact there was adequate accounting for, adequate control over the collections during the course of a period of very rapid activity. Those events or those concerns as reported by the auditors, to me and to the Secretary, and, in turn, to the Audit and Review Committee of the Regents, led us to eventually, about three or four months later, to bring the matter to the attention of the Justice Department, which has the manpower and the skills and the authority to pursue those points.

Mr. Yates. What do you do—I ask Mr. Powers. Isn't it the function of your office to protect Mr. Ripley and Mr. Hughes, and the reputation of the Smithsonian Institution against possible conflicts of interest of its employees?

Mr. Powers. Yes, sir, to the extent that that is possible within our resources, I agree. Yes.

Mr. Yates. Well, if—

Mr. Powers. I am not the FBI. I don't have an investigatory staff as the auditors do.

Mr. Yates. Yes. But what does that mean? What does that mean, Mr. Powers? Does that mean when you have an employee who refuses to file this report, that you shouldn't bring it to the attention of Mr. Ripley and Mr. Hughes, and tell them there is a possibility of a conflict of interest here?

Mr. Powers. No. Clearly I should.
Mr. Yates. That wasn't done in this case.
Mr. Powers. Not promptly enough. No.
Mr. Yates. When did you do it?

GEMINI TRUST CORPORATION

Mr. Powers. This was one of the topics that came out in the audit and so forth. And the auditors themselves looked into the situation of Mr. Sams, and Gemini. And they reported it there.

Mr. Yates. What is the earliest you knew about this? Did anybody at the Smithsonian know that Mr. Desautels was receiving compensation from Yampol or from Sams in connection with his work at the Smithsonian—at the same time that he was working at the Smithsonian? Did anybody know that?

Mr. Hughes. I did not until about the time of or I guess a little before the audit report from conversations with Mr. Peratino.

Mr. Yates. Did you know about it, Mr. Ripley?

Mr. Ripley. No.

Mr. Yates. You didn't know about it. Did you know about it, Mr. Powers?

Mr. Powers. I didn't know about it, actually, until——

Mr. Yates. Well, but correct me if I am wrong, according to the memo from Mr. Peratino to Mr. Ullberg, it was on Mr. Desautels' form.

Mr. Powers. What was on the form was the word "Gemini Corporation." I didn't know at all until practically the audit was complete that there was also Mr. Yampol. What was on the form was "Provenance Minerals," and I didn't know who ran that or what the relationship was. Even to this day there is no proof of impropriety of these relationships. That may come out in the investigation; yes.

Mr. Yates. If there is no proof of impropriety why did Sam Hughes decide to terminate it?

Mr. Hughes. The report to Justice, Mr. Chairman——

Mr. Yates. Yes. I will ask the question again. It seemed to me that Mr. Hughes wasn't very happy about the relationship. Apart from any illegality. If the statements ascribed to him in the newspaper articles are correct, he said we stopped it. That was it.

Mr. Hughes. Yes, sir.

Mr. Yates. And he gave no further explanation of it. As Mr. Powers says, if there was no impropriety in it, why did you quit?

Mr. Powers. You are talking about the relationship with Yampol?

Mr. Yates. Yes.

Mr. Powers. That was quite different.

Mr. Yates. But Yampol was Gemini.

Mr. Powers. We didn't know that at the time.

Mr. Yates. You didn't know that Yampole was Gemini?

Mr. Powers. No.

Mr. Yates. At the time that Mr. Desautels filed his conflict of interest statement?

Mr. Powers. No.

Mr. Yates. I thought the relationship with Gemini has been in existence since 1979, as I remember, the Charitable Trust that was
created was created in 1979, and in 1981 the name of it was changed to The Charitable Trust of the Smithsonian Institution.

Mr. Powers. That is right.

Mr. Yates. But you did know it was Gemini, or somebody should have known it was Gemini because he was your partner in 1979, wasn’t he?

Mr. Powers. No, the trustees were Mr. Yampol, himself.

Mr. Yates. But you had Mr. Desautels and Mr. Appleman on that board did you not?

Mr. Powers. That is correct. But there was no connection that was known to us between a corporation that happened to be called Gemini and Mr. Yampol. We didn’t know it.

Mr. Yates. I read from the newspaper article, and Sam, you tell me whether this is a correct quote.

Says Smithsonian Under Secretary Phillip S. Hughes, speaking of the collapse of the relationship between Smithsonian and the Trust, we didn’t want to be associated with it, simple as that.

Mr. Hughes. Correct.

Mr. Yates. That is correct. Was there any impropriety in the association?

Mr. Hughes. We were concerned both about the appearance and the possibility of it.

Mr. Yates. Yes. Well, now that is Mr. Desautels’ case. As far as I know, he is the only one who refused to finish his conflict of interest forms; to complete them. He didn’t complete them according to what Mr. Powers said. He didn’t provide the information that was necessary as he saw it. Have any other employees of the Smithsonian ever refused to provide information in their conflict of interest forms to your office?

Mr. Powers. No.

REVIEW OF FINANCIAL DISCLOSURE STATEMENTS

Mr. Yates. Have you ever requested any information from any other employees?

Mr. Powers. Oh, routinely Mr. Ullberg will call people up to explain items that are not fully apparent on the form.

Mr. Yates. Lots of such cases?

Mr. Powers. Oh, maybe 10 a year. A dozen or so.

Mr. Yates. What happens to those cases?

Mr. Powers. Normally, the information that is provided is sufficient to assure us that there is no real conflict.

Mr. Yates. Do you see them personally, or does Mr. Ullberg take care of them entirely?

Mr. Powers. He takes care of them unless there is some unusual problem, which he might discuss with me. But there haven’t been any, except perhaps this one, in the last several years.

Mr. Yates. And then does Mr. Ullberg sign their form saying there is no conflict of interest?

Mr. Powers. Yes.

Mr. Yates. He does. Has he ever done that with Mr. Desautels’ forms, do you know?

Mr. Powers. I only know that he has not for the last three years signed any.
Mr. Yates. Did he before that?
Mr. Powers. I don't know.
Mr. Yates. Could you check it?
Mr. Powers. All right.
Mr. Yates. Let us know.
Mr. Powers. All right.

[The information follows:]

Disclosure Statements

On January 17, 1978, Mr. Desautels filed a disclosure form covering Calendar Year 1977. This was an earlier type of form which did not require that the Ethics Counselor sign at the end of the form certifying to his review and approval. However, the form Mr. Desautels filed for 1977 was approved by the Smithsonian Ethics Counselor, since nothing was listed for that year which required additional explanation from the employee.

The present revised form was first authorized by the Regents for use in financial disclosure by Smithsonian employees covering Calendar Year 1978. The form provides for approval and signature by the reviewing official at the end of the form. Mr. Desautels filed these disclosure forms for Calendar Years 1978, 1979, and 1980. As to each of those years, some information appearing on the form required additional explanation by the employee. That information was not obtained, and, therefore, Mr. Desautels' forms for those three years were not approved and signed by Mr. Ullberg. Mr. Desautels contested the requirement that he file a disclosure form for Calendar Year 1981, and memos were exchanged between Mr. Ullberg and Mr. Desautels. Mr. Desautels retired before filing the form for Calendar Year 1981.

Revised Statement of Standards of Conduct

Mr. Yates. Okay.

Mr. Humelsine. Mr. Chairman, there could be a little confusion about the revised standards of conduct. They will go to the—

Mr. Yates. Why have you changed the form for the revised standards of conduct? Was the previous form not adequate?

Mr. Humelsine. It is just refining it, as I understand it. But they will go to the Regents at the upcoming meeting when their agenda is set up. I wanted to make that as a matter of record.

The Charitable Trust

Mr. Yates. Were the Regents ever advised about this—did you act, in ending the Trust, as you say, you did that when, 1981, I think, Sam, didn't you?

Mr. Hughes. Yes.

Mr. Yates. Here is what the article says: "In 1981 the relationship between Yampol and the Smithsonian deteriorated. Smithsonian lawyers and officials became concerned about the Trust."

What lawyer became concerned about the Trust? You said there was nothing wrong with it. Why did you become concerned with it?

Mr. Hughes. Trust—

Mr. Yates. No, I am asking the lawyers.

Mr. Hughes. That is a different Trust, though, Mr. Chairman.

Mr. Yates. What Trust is this?

Mr. Hughes. That is the supporting Trust, I think the term is, that was formed presumably to benefit the Smithsonian. It is not the Gemini—

Mr. Yates. I am not talking about that.

Mr. Powers. No.
Mr. Yates. No. It goes on to say this. "According to Smithsonian records the lawyers were concerned about the change of the name of the Trust which had taken place on July 31, 1979." And then in 1981 you said that only the Board of Regents could authorize the use of the Smithsonian name.

Was that the first time you became aware that the name of the Trust had been changed?

Mr. Powers. Yes.

Mr. Yates. Really? Was nobody aware of the name of the Trust being changed since 1979?

Mr. Powers. I think Mr. Desautels was aware of it but he didn't tell us.

Mr. Yates. Nobody else on the level that Mr. Humelsine examines for conflict of interest knew about the name change? Nobody of the top level knew about the change in name?

Mr. Powers. I became aware of it. At such time as we requested, or demanded from the Research Charitable Trust people the records of what they had been doing for the first two years. It was then we discovered that they had taken a vote not long before they delivered the records to change the name, without authority.

Mr. Yates. What happened with Mr. Appleman? Didn't he tell you that? Is Mr. Appleman here? He is not here, is he? All right. I take it Mr. Desautels isn't here, either. Okay.

Maybe we ought to hear from them later. I don't know. We will think about that.

Mr. Powers. Perhaps I could explain the circumstances. As Mr. Hughes was saying, it was called a "supporting organization"; that was the nature of their tax exemption. They were established solely to benefit the Smithsonian Institution. We discovered at the end of their first two years that they had acquired, this Trust had acquired a great many gems for the benefit of the Institution, only none had been turned over to the Institution. So we said it doesn't seem to us you are doing much supporting. And we said the way to correct that, of course, and make everybody happy is to turn over the gems. And they said they would rather not do that. So we said that is it.

Mr. Yates. Well, but then the reason you gave the newspaper reporter isn't the correct one, then, is it? The fact that the name had been changed——

Mr. Powers. No, that was one concern but that wasn't the major concern.

Mr. Yates. I see. The fact that you weren't getting the gems was actually the reason why the Trust was terminated then, is that correct?

Mr. Powers. Yes.

Mr. Hughes. No, sir.

Mr. Yates. I thought that was what Mr. Powers just said.

Mr. Powers. Well, it is one of the reasons.

Mr. Hughes. Well, it is one of the reasons but there were several problems. Changing the name was one. The fact that the supporting Trust was supporting to a limited degree, if at all. And we were concerned about whether the Smithsonian had an adequate representation and control in the——

Mr. Yates. In the Trust.
Mr. Hughes. In the Trust.
Mr. Yates. Yes. But you only had two members on a five-man board.
Mr. Hughes. That is correct.
Mr. Yates. Yampol controlled the Trust.
Mr. Hughes. Yes.

**APPRAISALS OF DONATIONS**

Mr. Yates. Well, I will tell you what troubles the committee very, very much. That is the question of the deductions that were allowed, the build-up of values of these gems that were taking place even as they were going to the Smithsonian. Whether the Smithsonian was a part of this. This morning's newspaper indicates the difficulty with establishing valuations and appraisals for deduction purposes. But I must say that as I read these articles and as I review these facts, I just wonder whether there wasn't an artificial building up of the values by employees of the Smithsonian for the purpose of attracting donations to the Smithsonian. Building up the values so that the donors could receive greater tax deductions.

That troubles me a little bit about your Quad building that's coming along, Mr. Ripley. I appreciate the integrity of Mr. Lawton. I appreciate your integrity, too. We asked Mr. Lawton at the last hearing about Dr. Sackler's donation, as to the value of it, because the Smithsonian is making available to Mr. Sackler a rare privilege—and that is the construction of a building and the name of that building after him—what the value of that gems collection was. And Dr. Lawton indicated that the most reputable experts in the country in the business had examined the objects and concluded that their value was in excess of $75 million.

I can't escape the thought, however, are these the experts that sell the gems, or the objects to such people as Dr. Sackler, and deal with the Smithsonian, and whether or not in building up levels of appraisal they are also at the same time building up the market for objects that they have themselves and with which they deal with other people. These are things that trouble me. And it isn't only the Smithsonian. It is the donations to the National Gallery. It is donations to the universities, and to the churches, and other institutions.

There is so much here that has to be gone into. We can't do it all today. We are going to adjourn soon and come back another day. I am very much troubled by how the Smithsonian received some of these gems.

**PROVISIONS OF DONATIONS**

Mr. Desautels stated that he did not want to sell the Smithsonian gems, or he was not empowered to sell the gems to Gemini, or to Mr. Hansen and the other dealers. Yet he was willing to take a donation of the stock of the company that Mr. Yampol owns. What is the difference between accepting money for gems and accepting stock for gems? Is that a practice the Smithsonian condones? What do you do about provisions in the gifts that are given to the Smithsonian where the donors say that these are not to be transferred or
sold? Is this a device that was used for that purpose? Did your office know about this?

Mr. Powers. No, sir.

Mr. Yates. You did not know about the acceptance of the stock for the delivery of gems to Mr. Yampol’s group?

Mr. Powers. No, not in that form. I understood that Mr. Yampol contributed some stock at the time of the formation of the Research Charitable Trust in order to fund it. That is the only stock transaction I knew about.

Mr. Hughes. If I could just comment briefly, Mr. Chairman, there is a range of circumstances involved in the questions that you raise. First of all—

Mr. Yates. Are there indeed?

Mr. Hughes. First of all in the gems and minerals area we have sought advice and help from the right sources. I would trust that they would answer these questions to your—

Mr. Yates. What do you mean by the right sources?

Mr. Hughes. The Department of Justice.

Mr. Yates. Okay.

Mr. Hughes. And supporting organizations.

Mr. Yates. IRS?

SACKLER DONATION

Mr. Hughes. The IRS and so on. With respect to Dr. Sackler and his contributions and the Quad in general, most of those contributions are cash contributions or pledges. Part of Dr. Sackler’s contribution, of course, is art, which of course is quite different in a variety of ways than gems in that there is more of a general market and I think less subject to some of the unusual features we have talked about this morning with respect to gems.

I gather also that with Dr. Sackler, there were some special arrangements that he had made with regard to the establishment of a trust or a foundation of some sort which affected, and to an extent, at least, safeguarded against the sorts of concerns which you have raised.

PROVISIONS OF DONATIONS

Mr. Yates. Well, there is also the question of violation of gifts, of the provisions of gifts.

Mr. Hughes. Yes.

Mr. Yates. As for example, that is in the article, too.

Mr. Hughes. It seems to me quite clear we should not do that.

Mr. Yates. Well, it seems to me quite clear that you shouldn’t do it, either.

Mr. Hughes. Yes.

Mr. Yates. But you did it. As I understand it, the question that comes to my mind, did you do it on advice of counsel? When you are given a gift that says it is not to be sold, what does Smithsonian do if in fact the gift is sold? Do you go to your counsel’s office and ask him whether this is something which you should or could not do?

Mr. Hughes. I don’t believe Mr. Desautels sought advice from the Office of Counsel, the General Counsel.
Mr. Powers. We routinely get questions of this kind from other parts of the Institution. But we have never had such a question from Gems and Minerals except on the subject to do with the Morris diamond. We had a question with that.

Mr. Yates. Would your records indicate what happened? I am trying to find the name of the person who gave a gift.

Mr. Hughes. Isaac Lee.

Mr. Yates. Well, Isaac Lee was one but there was——

Mr. Powers. Morris. The large diamond.

Mr. Yates. Right. It was under a gift—Mary Morris. Yes. Mrs. Morris, rattlesnake diamond. "I gave my large square diamond ring to the Smithsonian. If they should fail to accept the gift—I give said ring for use in their jewel collection. If the Smithsonian fails to accept this ring, I give it to Yale University." No, that isn’t what I was looking for really. There was another——

Mr. Powers. Trelawney.

Mr. Yates. Yes. He was shocked when he was told it had been sold.

Mr. Powers. I am sorry to say this is a very incomplete quotation from Mr. Trelawney, formerly Mr. Jago, from his deed of gift.

Mr. Yates. What does the deed of gift say?

Mr. Powers. Just a moment. The deed of gift actually says, "if the head curator or other chief of its Department of Mineral Sciences so determines any specimen in the collection may be exchanged or traded for another specimen of equal or greater value." And then the complete quote which the news article did not give, reads as follows: "Save as otherwise provided in this article, the donee shall in perpetuity retain all the specimens of the collection and shall in no event ever sell any of them." So that my view of that is that those transactions with Trelawney were specifically contemplated with the Trelawney collection, and that was proper.

Mr. Yates. So it was proper to dispose of them?

Mr. Powers. Yes.

Mr. Yates. Okay. Why was Mr. Trelawney so surprised, then, when he was told about it? That is my recollection of the article. I wish I could find it. Well, the article says this:

"Four of the specimens that Desautels says went to Yampol had been given to the Smithsonian by donor John K. Trelawney with express restrictions the specimens which are the subject of this gift shall not be sold."

Now you say that is only part of the quote?

Mr. Powers. That is right.

Mr. Yates. All right. Then Desautels says, "On paper," I am reading from the article, "I have to do this and so but Trelawney and I are very close friends. There is not a damn thing I could do with his collection that he wouldn’t approve of. Trelawney says he has absolute confidence in the curators but when he was told some of the specimens had been sold he said I just can’t believe they would do that."

Well, that is life, isn’t it?

Mr. Powers. I don’t think Mr. Trelawney remembered what he had written——
Mr. Yates. Well, let us come back another time. I think we have had enough this morning. I haven't asked you any questions, have I?

Mr. Ripley. Yes.

Mr. Yates. I asked one or two. Next time I will ask you more.
SMITHSONIAN INSTITUTION

WITNESSES

S. DILLON RIPLEY, SECRETARY
PHILLIP S. HUGHES, UNDER SECRETARY
DAVID CHALLINOR, ASSISTANT SECRETARY FOR SCIENCE
JOHN F. JAMESON, ASSISTANT SECRETARY FOR ADMINISTRATION
PAUL N. PERROT, ASSISTANT SECRETARY FOR MUSEUM PROGRAMS
JOHN E. REINHARDT, ACTING ASSISTANT SECRETARY FOR HISTORY AND ART
RALPH C. RINZLER, DIRECTOR OF PUBLIC SERVICE
CHRISTIAN C. HOHENLOHE, TREASURER
TOM L. PEYTON, DIRECTOR, FACILITIES SERVICES
CHRISTEN WEMMER, ACTING DIRECTOR, NATIONAL ZOOLOGICAL PARK
JON E. YELLIN, DIRECTOR, OFFICE OF PROGRAMMING AND BUDGET
DANIEL E. APPLEMAN, GEOLOGIST, DEPARTMENT OF MINERAL SCIENCES
WALTER J. BOYNE, DIRECTOR, NATIONAL AIR AND SPACE MUSEUM
GRETCHEK GAYLE ELLSWORTH, DIRECTOR, OFFICE OF FELLOWSHIPS AND GRANTS
RICHARD S. FISKE, DIRECTOR, NATIONAL MUSEUM OF NATURAL HISTORY/MUSEUM OF MAN
WILLIAM H. KLEIN, DIRECTOR, RADIATION BIOLOGY LABORATORY
JOHN S. WHITE, JR., ASSOCIATE CURATOR-IN-CHARGE, DEPARTMENT OF MINERAL SCIENCES
CHARLES ELDREDGE, DIRECTOR, NATIONAL MUSEUM OF AMERICAN ART
ALAN FERN, DIRECTOR, NATIONAL PORTRAIT GALLERY
ROGER KENNEDY, DIRECTOR, NATIONAL MUSEUM OF AMERICAN HISTORY
JOHN KINARD, DIRECTOR, ANACOSTIA NEIGHBORHOOD MUSEUM
THOMAS LAWTON, DIRECTOR, FREER GALLERY OF ART
ABRAM LERNER, DIRECTOR, HIRSHHORN MUSEUM AND SCULPTURE GARDEN
SYLVIA WILLIAMS, DIRECTOR, NATIONAL MUSEUM OF AFRICAN ART
MARY GRACE POTTER, DIRECTOR, VISITOR INFORMATION AND ASSOCIATES' RECEPTION CENTER
ALAN POSTLETHWAITE, ACTING DIRECTOR, CONSERVATION ANALYTICAL LABORATORY
CHRISS PERATINO, DIRECTOR, OFFICE OF AUDITS
PETER G. POWERS, GENERAL COUNSEL
ALAN D. ULLBERG, ASSOCIATE GENERAL COUNSEL
ROBERT BURKE, DIRECTOR, OFFICE OF PROTECTION SERVICES
ROBERT FUDALI, DEPARTMENT MINERAL SCIENCES
VINCENT MACDONNELL, EXECUTIVE ASSISTANT, OFFICE OF THE DIRECTOR OF PUBLIC SERVICE

(189)
OPENING REMARKS

Mr. Yates. Mr. Reporter, show the hearing as coming to order. This is a continuation of the hearing on the appropriation for fiscal year 1984 for the Smithsonian Institution.

We have the same witnesses that we had last time, plus a few more. I know that Mr. Wemmer is here this morning, or was he here before?

Mr. Wemmer. I was here last week.

Mr. Yates. Okay, Mr. Wemmer. I want to use the phrase "chattering like a magpie," but I don't know that you would appreciate it.

Mr. Yellin, he was here before, too.

Mr. Yellin. Yes, sir.

Mr. Yates. But today we have Mr. Ullberg somewhere.

Mr. Hughes. Yes.

Mr. Yates. Mr. Appleman. Yes. I appreciate the effort by Mr. Hughes to comply with the committee's suggestion that we would like to talk to Mr. Desautels, as well. I know that you did try to get him.

His lawyer called me and said that in view of the circumstances, he had advised Mr. Desautels that he thought it would be better if he did not testify, although he said there is no reason why he should not be able to.

I would like to state for the record that I don't consider his failure to show up as bearing on those investigations one way or another. Were I his lawyer, I would probably say the same thing to him.

All right. Let's see what we have in the notes now about how to proceed.

Yes, let's talk about Smithsonian security. Essentially, we are reviewing from the last hearing, this one question relating to the protection for the future of the Smithsonian artifacts, protections from theft, from misjudgment, from vandalism, because the Smithsonian is recognized by the committee to be one of the great, great institutions of the world, and it is made so by the collections and by the talents of its staff, both those who are reviewed by the Personnel Committee and those who are reviewed by Judge Powers' people.

Mr. Ripley, good morning.

Mr. Ripley. Good morning, Mr. Chairman.

SECURITY

Mr. Yates. So that is one of the reasons we called in Mr. Ullberg, Mr. Appelman and Mr. Peratino.

Respecting the security at the Smithsonian, Mr. Peratino, in the course of your auditing—I haven't yet had occasion to check the list of audits that you have made—have you ever audited the security system of the Smithsonian?

Mr. Peratino. The security system? We have a security services division who, when we, during audits, note that there may be some security weaknesses, refer the matter to them, and they investigate it and make their reports and recommendations.

Mr. Yates. Have you ever made such recommendations?
Mr. Peratino. Yes.
Mr. Yates. Was it your audit that talked about the backdoor to the Blue Room?
Mr. Yates. That is corrected, I take it?
Mr. Peratino. Yes. The vault was not there at that time. The vault was constructed, and the Blue Room was made more secure.
Mr. Yates. So you only have one entrance now, and based on your judgment, it is fairly secure. People can't walk in and out of the vault now, can they, or can they?
Mr. Peratino. No, there is tight security.
Mr. Yates. Could you walk in and out of the vault?
Mr. Peratino. No, sir. Not without proper escort.
Mr. Yates. What is the system for walking in and out of the vault? Mr. Appleman could, couldn't he?
Mr. Peratino. I think you would have to ask them.
Mr. Yates. All right. We will ask Mr. Appleman the question.
Mr. Peratino. During the recent audit there was also a security investigation made of the minerals sciences area, and I believe that they are currently in the process of even improving it more as a result of that review.

MISSING OBJECTS AND GEMS

Mr. Yates. In testimony in previous years, the committee was apprised of the fact that certain items were missing. As Mr. Kennedy pointed out last week, the missing sword. Mr. Blitzer indicated, I think, the year before that there were some silver sugar bowls that were missing.

We don't know at this moment whether any of the gems are missing, although Dr. White has said he and his inventory teams have seen 200,000 of them.

But there still has been no reconciliation of the records to indicate whether 200,000 is the total number or not. That is a correct statement, isn't it?
Mr. Hughes. That is correct.

SECURITY AT THE ZOO

Mr. Yates. What about the other valuable collections, what is the nature of the security? We asked you at one of the hearings some time ago, and at that time it was indicated that it would not be appropriate to discuss the security system in open hearing.

The committee respects that. But how do we know that the security system is working? The Post a few weeks ago indicated that someone had broken into the zoo, broken some glass and escaped with two vipers which I am sure he regrets having done at the present time, because he was bitten.

How was he able to do that? Mr. Wemmer, would you like to tell us how he was able to do that? Would you like to come up here or would you rather tell us from back there?
Mr. Wemmer. I can come up there.
Mr. Yates. All right. I think it is better for the reporter if you come up here.
Mr. Wemmer. Apparently what happened—
Mr. Yates. You had a break-in there.
Mr. Wemmer. We had a break-in.
Mr. Yates. As opposed to the magpie incident this morning which is a break-out.
Mr. Wemmer. Correct.
Mr. Yates. All right.
Mr. Wemmer. Apparently what happened is somebody was in the zoo after the zoo had been closed.
Mr. Yates. You mean this young man?
Mr. Wemmer. Possibly this young man. The young man says that he found the snakes in a bag.
Mr. Yates. I see. All right.
Mr. Wemmer. He has not confessed.
Mr. Yates. It is alleged there was somebody in the zoo.
Mr. Wemmer. Yes.
Mr. Yates. Okay.
Mr. Wemmer. Somebody was in the zoo and found a large rock in the zoo, went up to the reptile house, threw the rock against a laminated glass and plastic panel between the two entry doors.
Mr. Yates. Were the doors closed at that time?
Mr. Wemmer. The doors were closed and locked.
Mr. Yates. At what time did he do this?
Mr. Wemmer. We think that it happened around eleven o'clock.
Mr. Yates. At night?
Mr. Wemmer. Yes.
Mr. Yates. Go ahead.
Mr. Wemmer. After the panel was smashed in, which took repeated efforts, as well as a violent effort in order to break this panel, the person walked inside. We believe that they first went to the water moccasin cage. They smashed the glass on the water moccasin cage, a poisonous snake.

The water moccasin, we think, probably began to act aggressively, and the person decided that they wouldn't carry on with the snake any further. They went——

Mr. Yates. It would indicate that the person knew about the quality of the water moccasin, though?
Mr. Wemmer. Well, not necessarily. They might have just been alarmed by the aggressive behavior of the snake, and that the snake reacted.

Then again they might have known that it was poisonous. But any snake that starts to rear its head and coil its body is alarming to a viewer. . . .
Mr. Yates. It would be to me.

GABOON VIPERS

Mr. Wemmer. Yes. Then the individual went to the gaboon viper cage, smashed the glass in the gaboon viper cage. . . .
Mr. Yates. Is this plate glass?
Mr. Wemmer. Yes.
Mr. Yates. Is it reinforced?
Mr. Wemmer. It is safety glass.
Mr. Yates. Such as you have in automobiles?
Mr. Wemmer. Yes. In other words, one blow with a rock does not completely destroy the glass. You have to work at it a bit. What happened, the glass doesn’t completely shatter.

What happened with that cage is that a corner of the glass was broken out, and the gaboon vipers are placid snakes. They are not excitable snakes, although they are very poisonous.

The person was able to get the snakes out. They used materials that they found in the building. We think they used a garbage sack that was in the building, and put the snakes into the garbage sack.

I believe a stick was found, also. So they got the snakes into the garbage sack and left the zoo. The young man who was bitten by the snakes claims that he found the sack with the snakes in them in Rock Creek Park.

Mr. Yates. At eleven o’clock at night?
Mr. Wemmer. He doesn’t say what time, I don’t believe.
Mr. Yates. I see.
Mr. Wemmer. He found them at nighttime there.

Mr. Yates. When was he on the bus?
Mr. Wemmer. He was on the bus shortly after eleven, I believe.
Mr. Yates. With the bag?
Mr. Wemmer. Or perhaps it was twelve. I would have to check the record.

Mr. Hughes. Mr. Jameson might help on this.
Mr. Jameson. A few minutes after 11:00 p.m., Mr. Chairman, on Connecticut Avenue.

Mr. Yates. With the bag?
Mr. Jameson. Yes, adjacent to the zoo.
Mr. Yates. The reason I ask the question, because it was probably very difficult to find the bag at eleven o’clock at night in the darkness in Rock Creek Park.

Mr. Wemmer. One would think so.
Mr. Yates. One would think so. Okay. Go ahead.

Mr. Wemmer. He got on the bus on Connecticut Avenue, and he went to the end of the bus line which, I believe, is 15th and K Street. He got off of the bus.

Mr. Yates. Okay, and proceeded. But we are interested not in his misadventures, but with what happened at the zoo. So he broke a small corner of the case holding the gaboon vipers.

Mr. Wemmer. Yes.

Mr. Yates. He was able, not he, but a person was able to pick up the snakes and take them out. He would have to pick them up, would he not?

Mr. Wemmer. Well, he could have used a stick, scooped them out into a plastic bag with the stick.

Mr. Yates. Is this the first time anything like that has happened within your experience?

Mr. Wemmer. In the 19 years that Sam Middleton has been involved with the zoo, he said they have never known of an incident like this. We haven’t had poisonous snakes stolen from the zoo before.

Mr. Yates. This is in the nature of a display case?

Mr. Wemmer. Yes.
Mr. Yates. The Smithsonian has display cases throughout its collections and its exhibitions. As I remember my visit to the gems section, the Hope Diamond was in a display case.

The question that enters my mind is whether, and I don’t know whether this is treading on matters that we shouldn’t tread, the display case that holds the Hope Diamond, for example, can be breached in the same way as the gaboon viper cage.

Can somebody answer that question, if it is appropriate to ask that in the open?

Mr. Hughes. Well, I think the answer is, no, it cannot be, Mr. Chairman. I don’t see any reason not to say it in open session. I would not like to get into—and I do not know all of the details of the security arrangements, but the arrangements are vastly different in the gem hall than they are for the snakes.

Mr. Yates. Does Mr. Appleman know this? Would he want to tell us about this?

Dr. White is here. Do you know about the security systems, Dr. White?

Mr. White. To a degree; yes, sir. At the time the Hope Diamond was installed in the present exhibit case, we were told by the manufacturers of the safe in which it is viewed that the characteristics of the protective glass are such that it would be virtually impossible for anyone to hammer through it in anything less than an extended period of time.

At the same time it is protected with alarm systems and there is at least one guard within sight of the case when it is open to the public.

Mr. Yates. I remember that in earlier testimony it was indicated that if a member of the public comes too close to a case, an alarm system sounds, or if he touches certain objects, an alarm system sounds.

Is my memory correct on that?

Mr. White. No, sir. That is not the case—

Mr. Yates. Not only with the Hope, but other artifacts.

Mr. White. No, sir.

Mr. Ripley. Mr. Chairman, that is flat cases, those of waist height, in numismatics and philately, where pressure from leaning on the case, may set off an alarm.

Mr. Yates. How different is your display case than Mr. Wemmer’s for the snakes? He had safety glass. You don’t know how thick the glass is, do you?

Mr. White. I do, sir. I am not sure it is appropriate for this hearing.

Mr. Yates. Okay. But it is thicker than Mr. Wemmer’s?

Mr. White. Indeed.

Mr. Yates. I take it “indeed” means a lot thicker?

Mr. White. Yes, sir.

Mr. Yates. Is there any other way to get into the Hope Diamond display case? I don’t mean to challenge somebody who may read this record.

Mr. White. No, sir. It is enclosed in a steel case. The only approach is through the front.
Mr. Yates. What about nighttime?
Mr. White. At night the display glass is covered with a steel door, very much like a bank vault door; the room is sealed off with steel cages, and the adjacent rooms are also sealed off with steel cages and locked.
Mr. Yates. Guards pass by periodically during the night?
Mr. White. Yes, sir. They search the facility very thoroughly before the steel doors are closed and locked.

ALARM SYSTEM FOR ZOO COLLECTIONS

Mr. Yates. So you have an alarm system in addition? Why is not an alarm system appropriate for your zoo collections, too, Mr. Wemmer?

Why, for example, at such time as the person started to attack the cage, the display case, shouldn’t there have been some alarm posted for the guards?

Mr. Wemmer. An alarm system could be used in this kind of situation. We just never have in the past, historically zoos haven’t expected people to break into poisonous snake cages. That is the main reason they haven’t been used.

Mr. Yates. Okay. There is always a first time, isn’t there?
Mr. Jameson, do you want to leave the spectator seats and come to the table?

Mr. Jameson. The 1983 appropriation for security systems and devices, $1.7 million, does include money for the National Zoological Park, approximately $100,000 total, and there is now an effort underway between our Office of Protection Services, and the Zoo Protection, to examine the use of that money to see if indeed a portion of it should be used for appropriate alarming, television cameras and other such devices.

Mr. Yates. Who is making that study for you?
Mr. Jameson. We are doing it in-house, Mr. Chairman, between our Office of Protection Services and the Zoo Police.

BIRDFHOUSE BREAKOUT

Mr. Yates. All right. While we are on the zoo, let’s talk about the birdhouse. According to the newspaper story this morning, it seemed incredible, but apparently a smaller bird had walked the path so long it had worn out the wires and the magpie just walked away.

Mr. Wemmer. I don’t think that was it. What happened was the wires over a period of time begin to rust and weaken at the weld points. In the same cage are some Derbyan parakeets and these birds that are adapted for cracking seeds have very strong bills.

They manipulated different parts of their cage. What they do is peel the wire back. This was in a part where it wasn’t visible.

This cage is in need of repair and it is scheduled for repair work, an overhaul next year, using R&R funds. What happened is the Derbyan parakeets got the cage peeled back and the magpie slipped out.

Mr. Yates. And flew away?
Mr. Wemmer. And flew to Alexandria. Usually, they hang around the zoo, but in the case of the magpies, it seems to be gen-
eraly known by aviculturists that they just beeline it. They fly maybe 15, 20 miles away.

Mr. Yates. I see. Well, so you are fixing the cage a year ahead of time then?

Mr. Wemmer. We have repaired this section of the cage, but——

Mr. Yates. You are going to add here to the schedule?

Mr. Wemmer. Yes.

SECURITY AT THE ZOO

Mr. Yates. All right. What about other parts of the zoo? Do you have to worry about those?

How frequently do you examine to see the state of your protective guarding system?

Mr. Wemmer. In the animal areas, generally the keepers are working in these areas every day and there are policies and procedures that have to be followed with regard to locking cages.

For example, in the case of the reptile house, all of the poisonous snake cages are locked, the line is locked so that no visitor can open the door and walk into the exhibit line from behind the scenes.

All the cages are locked. So if a keeper has to go into the cage to clean it, the cage has to be unlocked. Of course, we could increase security even more than we have in the case of dangerous animals, but of course there comes a point where the security measures start to outweigh the esthetic experience and recreational experience of the visitor.

Mr. Yates. Are there zoos in other places where the protective devices are more advanced than those of the Smithsonian?

Mr. Wemmer. I don't really believe so. I think perhaps in specific cases there might be a locking mechanism for a bear gate or something like that that might be better than what we have.

But most of our protective devices for locking cages are pretty much state of the art, up-to-date and effective.

Mr. Ripley. Mr. Chairman.

Mr. Yates. Mr. Ripley.

NEW YORK ZOOLOGICAL SOCIETY

Mr. Ripley. The New York Zoological Society, where I have an association through being a fellow, and visit often, is in the same condition as this. That is, they do not have elaborate security devices.

They do have a great deal of vandalism, however. It simply is a question of the number of guards and patrols that can be made. Symbolically, they have a mirror setup in the Ape House with a slogan over it. You look in the mirror. Obviously you see your own face.

It says, "This is the most dangerous animal in the world."

Mr. Wemmer. That is true. There are two aspects of zoo security. One is protecting visitors from animals. I think that part of the job we do quite well. The part which is more difficult to keep a handle on is protecting the animals from the visitors.

People throw things into cages, for example, that if the animal eats, it can kill it.
Mr. Yates. You couldn’t stop people from doing that?
Mr. Wemmer. Well, we try by educating the public.
Mr. Yates. The only way to stop it is by not permitting them to have children. But they have got to feed the animals with their children.

PEKING ZOO

Mr. Ripley. In the Peking Zoo, I have watched parents encouraging their children to kick the deer through the wire and throw rocks at the polar bears, which had no water to bathe in and were very dirty. One of the pair of musk oxen that were presented as a gift to the Peking Zoo by the United States in return for the pandas died of eating a large metal object which had been thrown into the enclosure.

Unfortunately, the musk ox was stupid enough to eat this. Of course, it got peritonitis from a perforation of the intestine.

INCREASING SECURITY AT THE ZOO

Mr. Yates. So you would tell the committee that your security measures are all in order now for the zoo?
Mr. Wemmer. They are as in order as they have been in the past. I think with this review we are having now, we will evaluate the system in terms of increasing security, for example, by alarm systems on the buildings, television surveillance, this sort of thing.
Mr. Yates. You wouldn’t think it necessary to put a television camera on the elephant yard, for example?
Mr. Wemmer. You wouldn’t think it would be necessary, but you never can tell.
Mr. Yates. I keep thinking of the movie plot where someone comes in, picks up an elephant and walks out with it. Impossible?
Mr. Wemmer. If you had an experienced elephant person who carefully devised a plan and carefully worked with it, he might be able to execute it.
Mr. Yates. Walk down the paths of the zoo onto Connecticut Avenue?
Mr. Wemmer. I don’t think he would get that far.
Mr. Yates. Why wouldn’t he?
Mr. Wemmer. I was thinking if this happened during working hours. I am thinking of a British movie plot where someone dresses as a keeper and goes in to escape with an elephant. As soon as the elephant was on the public walkway, the curators and employees would say, “since when are we letting the elephants out”, and there would be an immediate response.

If it were done after hours, he could walk right through the gates. All they have to do is command the elephant to push the gate down. But none of our elephants—
Mr. Yates. What language would he use?
Mr. Wemmer. Mahout language.
COLLECTIONS SECURITY AT AMERICAN HISTORY MUSEUM

Mr. Yates. So then your search would be limited and you would have to find a Mahout.

Thank you very much. Let's turn to Mr. Kennedy.

Mr. Kennedy, why was the sword lost? You reviewed it. Was that before you came onboard?

Mr. Kennedy. Shortly after I came. The answer could be two ways. Things can be lost in two ways. You can lose them to people who come in from the outside, and you can lose things to people who are already inside.

There is always a double aspect of the security problem. One of them is adequate choice of and control of the people who work in an institution to which you alluded earlier with your questions as to who can get in and out of secure places. The other is what kind of control can you impose in an institution which is always open to the public, which is not a warehouse or a vault, and where that ingress and egress is an aspect of the scholarly work of the place.

Those are both tough to do. In the case of the sword and the other materials, which you may remember there were a number of other things that seemed to have been a portion of the same——

Mr. Yates. Display.

Mr. Kennedy. Yes. The evidence is very powerful that that was an inside, rather than an outside job. In respect to personnel, we have a continuous process of reviewing prospective staff.

There can always be a crook, however, in any place.

Mr. Yates. Yes.

Mr. Kennedy. But you try to make sure you have as few as possible. You make it as difficult as possible for someone who goes sour to make off with the collection material.

SECURITY OF NUMISMATICS COLLECTION

Mr. Yates. What about your display cases and your collection? Your numismatics inventory you said was in shape, except for reconciling some of the records. Are the numismatic artifacts kept in vaults?

Mr. Kennedy. Most are in vaults. Some of ours are on display.

Mr. Yates. How are the display cases protected?

Mr. Kennedy. The general process is, as has already been described. That is, there are some cases, where they are out for display and the value is low, where the equivalent protection wouldn't be as intense, escalating upward with the degree of importance.

SECURITY OF AMERICAN HISTORY MUSEUM

Mr. Yates. Of course. I am trying to observe your security precautions, at the same time trying to find out how secure you are. Can I ask you about the quality of the glass in the display cases, how secure it is, and secure from blows, for example, with a hammer or with another device? Is there an alarm system that ties to those?

Mr. Kennedy. Yes, in many cases. But in our instance, our best security is the presence of a lot of people in those areas. Our best police force is probably the public, because to the degree that there
is a good deal of traffic, the ability of being able to act on a case, at least a couple of times, is dealt with. Nevertheless, we need to take full precautions in installing alarms, guard force, in order to protect high value items on display at all hours.

We have found in those instances in which in the past there appeared to have been criminal activity, that that activity occurred in very low traffic areas, or in areas in which it was impossible, because of the layout of the place, after hours, to lock it up in the fashion that you would lock up the gem hall.

Mr. Yates. You have lots of open spaces, don't you?

Mr. Kennedy. Yes.

Mr. Yates. In the American History Museum?

Mr. Kennedy. Yes. We do have the kinds of alarm systems to which the Secretary referred, in many variations and densities of glass in many variations as well.

We also have what might be referred to as deep security areas, those places in which there are vaults both for stamps and coins and for other items that are very valuable where, of course, the question of who gets together and under what kinds of controls and with what kind of company, and checked in what kinds of ways on the way out, are parts of the process to which you referred earlier.

Mr. Yates. Do you leave questions of security primarily to your security section?

Mr. Kennedy. No. The persons that are concerned with those questions are perhaps three in broad description. There is a registrar, whose job is to log things in and out, because you don't have static collections, to ship and pack and keep appropriate records and have those appropriately checked.

The security force secures the building itself, its alarm systems, public exhibitions, and non-public spaces; conducts investigations and consults on security techniques and protective measures for collections, staff and public.

The curator is the person fundamentally responsible for the location of and the security of each collection in staging an exhibit. The curators are to work in concert with the registrar and the security people.

Their job is to research and explain, to display on occasion to persons of differing degrees of intensity of interest. You may get a special list, or you may get a general public, and they get different kinds of access. Their job is not only to work with protection services in a general way, but to know where things are.

Mr. Yates. Does he report to you?

Mr. Kennedy. Yes, sir.

Mr. Yates. How often do you ask him? Does he report to you if you don't ask him?

Mr. Kennedy. We do ask, and he does, or she does.

Mr. Yates. Okay.

Mr. Kennedy. We ask often, and as a matter of fact, we are now going, of course, beyond the asking, to the other process, which we talked about last time we were here, which is that after you make your inventory, and after you check, and while you are checking your inventory against your records, you are also in our case, and I am sure in others, making record photographs of almost everything
that you can get to when you can get to it, which is a kind of a third covering process.

COLLECTIONS IN VAULTS

Mr. Yates. Your valuable numismatics are in vaults. At what point do you decide that some of your artifacts should be in vaults and others should not?

Mr. Kennedy. You decide that most often when you decide what material goes on long term public display, and how you can circulate other materials that you want retained in your vaults out for display purposes. One of the things that is crucial to the security question is the reinstallation question. We are going through the process of reinstalling our major exhibit halls. Of course at the same time, we are substantially upgrading the cases within which these materials are displayed, and increasing the ways in which we can effectively police the way stuff goes in and out.

In other discussions here we have presented to you the degree to which there is obsolescence in public areas, and that is a severe problem. That stuff has been up too long. The technology of theft has increased substantially in the intervening period; so the technology of protection has to march with it.

Mr. Yates. Mr. Jameson, did you want to say something?

Mr. Jameson. In addition, Mr. Chairman, there is a process in effect approved by the Secretary that covers every museum of the Institution. When a new exhibit is being planned or an old exhibit is being upgraded, the plans, the design for that exhibit must pass review, which covers not only safety and security from a visitor’s standpoint and health standpoint, but also a physical security standpoint. At that point our Office of Protection Services must sign off on the design for that exhibit to make sure that it is adequately safeguarded.

Mr. Yates. Mr. Kennedy indicated that primary responsibility for surveillance and security is the curator’s in the first instance. If I understood your statement correctly?

Mr. Kennedy. Yes, sir. The curator knows the sensitivity of the object and collaborates with the security office in determining appropriate installation and protective measures.

OFFICE OF PROTECTION SERVICES

Mr. Yates. At what point does the Office of Protection Services come in? Is this purely guard duty, or is your office much more sophisticated in that, in ways of security and knowledgeable in terms of whether there ought to be vaults or alarms or other protective services?

Mr. Jameson. Yes, sir. There is a whole section of our Office of Protection Services concerned with physical security, alarms, other kinds of devices, vaults, television cameras, motion detection devices. That is the group that would work with Roger Kennedy and his curatorial and exhibit design staff at the front end of the process. Thereafter when the exhibit is open, it is a joint responsibility between curatorial staff and the Office of Protection Services guards to monitor and watch the exhibit when it is open to the public.
Mr. Yates. Has your Office of Protection Services indicated to you or to Mr. Ripley, or to Mr. Hughes, that any of the collections need additional security?

Mr. Jameson. By all means, Mr. Chairman. That process of surveying exhibits hall by hall, gallery by gallery, museum by museum was the grist for the mill that resulted in the budget justification that came before this committee for fiscal year 1983.

Mr. Yates. That is right.

Mr. Jameson. We laid out a plan for you for general security upgrading in our museums to——

Mr. Yates. Right. Senate struck out the personnel, the guards we added over the budget.

Mr. Jameson. Yes, sir.

Mr. Yates. The rest of the funding was approved.

Mr. Jameson. $1,700,000. Yes, sir.

Mr. Yates. That is being spent now for equipment upgrading?

Mr. Jameson. Yes, sir, and will be spent this year.

Mr. Yates. Well, will that complete it? Was that enough money for it? Was your plan adequate to permit you to say to Mr. Ripley and Mr. Hughes, and to the Regents, that now we are as secure as man can make our collections?

INCREASE FOR SECURITY

Mr. Jameson. We described a process that would take about three years to complete. There is an additional increment in the 1984 budget. We would expect to come back before the Congress in 1985 to complete the plan, which we estimate to cost about $4.7 million of which we have about $1,700,000 in hand.

Mr. Yates. That is right. That was the first installment last year.

Mr. Jameson. Yes, sir.

Mr. Yates. Well, now, have you asked for any money this year?

Mr. Jameson. Yes, sir, $480,000.

Mr. Yates. If you need $4.7 million for the purpose, why do you only ask for $1,700,000 last year and $480,000 this year?

Mr. Jameson. We are requesting the money as we think we can spend it in a properly planned, phased, and installed way.

Mr. Yates. Well, I think that makes sense, except that when you came to the conclusion you needed almost $5 million for this purpose, did you not go through much of that at that time? How much time is required for the installation? Are you on as rapid a time schedule as you could be? Are you asking us for as much money——

Mr. Jameson. We are on track this year. But we are finding even this year that we are actually learning things in terms of priority, as for instance with the zoo situation. The exact configuration of devices and other kinds of systems is also being refined. So it is still a learning process, but we are on track.

Mr. Yates. If you are in a learning process, shouldn’t you be asking us for money? As of what point do you stop? As of what point do you move forward? I know the learning process is continuous and that you remember Mr. Smithson’s admonition when he gave you the money for dispersion. But we are trying to find out
how we can make the collections of the Smithsonian impervious to attack as quickly as possible.

Last year you came up with a $5 million program. This year you are saying you are learning perhaps you were wrong in some of the things you were asking—if I understood you.

Mr. Jameson. No, I don’t believe I said we were wrong. The priority for placement of those devices and other kinds of systems is what we are now doing. No, we are very comfortable that we know what needs to be done based on the earlier review.

Mr. Yates. Okay. How did you get to your $5 million figure? Who prepared your plan for you?

Mr. Jameson. It was done by the Office of Protection Services, drawing upon outside advice and assistance.

Mr. Yates. Okay. So you brought experts in?

Mr. Jameson. Yes, sir.

Mr. Yates. That makes sense.

Mr. Ripley. Mr. Chairman?

Mr. Yates. Mr. Ripley.

Mr. Ripley. If I may interject, I think Mr. Kennedy referred to the fact that the learning process is tied in with the increasing technology of theft; that is, as theft techniques become more sophisticated—

Mr. Yates. I assume that is part of his domain, because after all that is part of American history, isn’t it?

Mr. Ripley. Right. It is part of the Zoo history, too. It is part of all the—

Mr. Yates. This is fine. I am glad the Smithsonian is still capable of learning as well as dispensing information for man.

Mr. Jameson. I would also say, Mr. Chairman, that we will do the most important things first.

Mr. Yates. All right but what is your plan? What does your plan require in asking for funding for its completion? You asked for $1,700,000 last year and you received it.

Mr. Jameson. Yes, sir.

Mr. Yates. You are asking for $500,000, roughly, this year.

Mr. Jameson. Yes, sir.

Mr. Yates. You will probably receive it.

Mr. Jameson. Yes, sir.

Mr. Yates. What are you going to ask for next year?

Mr. Jameson. We have the details of the phasing museum by museum, gallery by gallery. I would be pleased to share those for the record, if I may. It is a very long, itemization of improvements.

SECURITY INCREASE REQUESTED OF OMB

Mr. Yates. How much money did you ask OMB for for this purpose, in fiscal year 1984?

Mr. Jameson. An extra one million.

Mr. Yates. Extra to what?

Mr. Jameson. Extra to the $480,000.

Mr. Yates. Why did OMB cut you? Did they say, or didn’t they say?

Mr. Jameson. The million dollars, was an overtarget amount.
Mr. Yates. What do you mean by overtarget amount? You mean you don't need it?

Mr. Jameson. No, sir.

Mr. Yates. Why did you ask for it?

Mr. Jameson. Now that we are viewed as being in the bigger time by OMB in terms of the size of our budget, we get a planning figure from the Office of Management and Budget very early in the budget formulation process.

Mr. Yates. Can we help you by reducing your budget so you are no longer considered bigger time?

Mr. Jameson. I think that would create problems along the lines we have been talking about today on security.

Mr. Yates. Did you need the million dollars or did you not?

Mr. Jameson. Very much so.

Mr. Yates. When you say you are overtarget, I am not sure I understand what that means.

Mr. Jameson. We submitted a budget to OMB within the OMB planning figure and certain additional requests over that target.

Mr. Yates. What did you need the million dollars for they struck out?

Mr. Jameson. To get further along on the security upgrading.

Mr. Yates. Give us a description of what that detailed?

Mr. Jameson. May we do that for the record?

Mr. Yates. Sure you may.

Mr. Jameson. All right.

[The information follows:]

Projects Within Amount Disallowed by OMB in Fiscal Year 1984 Security Upgrading Package

Install alarm wire to 30 old exhibit cases in one museum.
Install barriers between public and nonpublic areas. Install cypher locks on 13 doors in one museum.
Install CCTVs at the east door shipping and receiving area of one museum.
Install additional CCTVs at the exhibit lab (front door, trash area, side park, and parking area) of one museum.
Install CCTVs on exterior at a storage site.
Upgrade alarm system in one of our museums.
Install CCTV in public area of the Zoo and place a monitor in the Police Station.
Install card reader system in 25 storage rooms. Install locks in all cabinets used for storage. Install cage-type walls to separate different types of storage in one museum.
Install 20 CCTVs and 20 motion detectors in hallways. Install 6 CCTVs on third and fourth-floor doors to stairwells of a museum.
Install new covers and glass on 200 exhibit cases in one museum.
Install locking and burglar alarm contact devices on 100 exhibit cases in one museum.
Replace all existing low-grade magnetic switches on exterior perimeter doors with high-security balanced magnetic switches at one museum.
Install electric locks on the east door, basement gallery.
Install intrusion and motion detection in a rare book room.
Install electric lock mechanism to double doors into a library.
Install burglar alarms on the third-floor door to the Spacearium stairwell.
Install a cypher lock on the third-floor door between staff and public areas.
Replace existing low-grade magnetic switches on 32 exterior perimeter doors with high-security balanced magnetic switches in one museum.
Replace ultrasonic systems in three galleries.
Install card readers on four storage rooms and on a staff entrance.
Install a card reader system in the collection storage at a storage site.
Replace existing low-grade magnetic switches with high-security balanced magnetic switches, which should be installed on the conduit receptacle. Install zone controls on conduit back boxes at a storage site.
Install 8 CCTV(s in collection storage areas.
Install a fire alerting system (e.g., bells) on the fire system at the Alewife Building. (Astrophysical Observatory—Cambridge)
Replace 30 worn-out portable radios at Mt. Hopkins. (Astrophysical Observatory—Mt. Hopkins.)
Install a card reader system and intrusion alarms in collection storage areas in a museum.
Install CCTV(s to cover the exterior on the Fifth Avenue side of the Mansion and the 90th Street side of the Miller House. (Cooper-Hewitt)
Purchase essential equipment in fiscal year 1984 for first phase of the proprietary security system on the Mall at MAH (processors, multiplexers, software, cabling). (Proprietary Security System)
Total amount disallowed equals $1,000,000.

SECURITY DEVICES

Mr. Yates. Is your captain here who can tell us, or Mr. Peyton?
Mr. Peyton. It is a continuation of the same program which is mostly made up of hardware type devices ranging from television observation leading back to a central monitoring station, break-in devices, improved locks, upgrading a large number of the security cases on the museum floors. Many of these cases have been bought over the years. More recent ones are outfitted with virtually break-proof glass, whereas the earlier ones were conventional.
Mr. Yates. Where are the early ones located?
Mr. Peyton. They are scattered through all the museums, at least the older ones.
Mr. Yates. So nobody knows where they are until they try to break them?
Mr. Peyton. Well, we know where they are.

SECURITY REQUEST FOR FISCAL YEAR 1985

Mr. Yates. All right. How much money are you going to request for fiscal year 1985, according to your plan, Mr. Peyton?
Mr. Peyton. Well, this million dollars is in question, of course. It was disallowed by OMB. So if it proves that we don’t get that million dollars, that will be added onto the remaining quantity needed to make up the approximate $5 million program.
Mr. Yates. That is what I am trying to find out—apparently you will request an amount for next year and an amount for 1986, or will you be complete next year?
Mr. Peyton. Our original plan was to do this in three years.
Mr. Yates. So the balance, if you get the million dollars, will be asked for in fiscal year 1985?
Mr. Peyton. That is correct, sir.
Mr. Yates. Does your learning process indicate that you will need more than the $5 million for it?
Mr. Jameson. No, sir.
Mr. Peyton. Well, we haven’t installed any of these yet. Purchase orders are being made right now. We would expect that they would start to be delivered this summer, and we will be putting them in place. That is when the learning process would take place.
COLLECTIONS SECURITY AT AMERICAN HISTORY MUSEUM

Mr. Yates. Mr. Kennedy, are there items of great value outside your vaults other than historical value?

Mr. Kennedy. Yes.

Mr. Yates. They are in display cases?

Mr. Kennedy. Yes, sir.

Mr. Yates. Are they readily available to those who want to take them assuming they can get them past the guard?

Mr. Kennedy. Well, the process of security protection that has been described to you marches at the same pace as the process of reinstallation.

Mr. Yates. Yes.

Mr. Kennedy. Both things have to take place at once. If the security people had to deal with all the old installations, that budget would be an awful lot bigger than the $1 million. What we are trying to do is to rebuild the public areas to make them both safe and better. So these two things really are inextricable. The answer to your question as to whether someone who had smashed a case or bored a hole through a case could get away with items that are of very great monetary value, the answer is it would be difficult but possible, unless there were as many guards in our kinds of museums as there are in many art museums. And there are not as many guards as there are in many art museums.

Mr. Yates. In your facilities.

Mr. Kennedy. No, sir. And there are items of very considerable monetary value. One can suggest certain photographs and items of glass that are now very much more valuable on the market than they were when they were first installed.

Mr. Yates. Well, I remember your glass exhibits. You had a beautiful collection of Tiffany, for example.

Mr. Kennedy. Yes, sir.

Mr. Yates. That is in a vertical display case. Now, how protected is that display case?

Mr. Kennedy. Now that we have called attention to those valuable items, I want to suggest——

Mr. Yates. I am sure that many people who visited that collection knew about their value before you and I called it to their attention this morning.

Mr. Kennedy. It was us, I fear, who called attention to it because they are so handsome that the lighting makes it obvious to anybody who has ever seen a handsome piece of glass that we have got some good stuff.

Mr. Yates. You also have beautiful Roman Byzantine glass as well and other Byzantine glass.

Mr. Kennedy. We do. We are giving more intense and frequent surveillance to those areas. But until that whole area is rebuilt that material will stay in its present containers.

Mr. Yates. Is that safety glass in those display cases?

Mr. Kennedy. In many cases.

Mr. Yates. In those display cases? You don’t propose to answer more specifically than that?

Mr. Kennedy. I don’t, sir, if I may not.
Mr. Yates. You may not. Okay. Well, maybe some day we ought to hold a hearing in confidence I think on the whole security system.

Mr. Hughes. I think that might be useful, Mr. Chairman. We can get Mr. Burke here and make a general presentation.

Mr. Yates. Really go into it and see how much money you need. Mr. Ripley. We would be very happy to.

SUPPLEMENTAL REQUEST FOR SECURITY

Mr. Yates. Ordinarily the committee doesn't like to go into that kind of a session, but I dislike asking questions with the feeling that I am walking on eggs.

Mr. Ripley. It is true, Mr. Chairman, we are starved for the kinds of guard force, security personnel, that a great art museum will have.

Mr. Yates. Are you forbidden——

Mr. Ripley. We asked——

Mr. Yates. I know you asked for it last year and the Senate struck it out. You have requested a supplemental for this money.

Mr. Ripley. Yes.

Mr. Yates. What did OMB say?

Mr. Yellin. It is currently pending, Mr. Chairman, and they haven't given us a response.

Mr. Yates. I feel the committee struck a blow for right and justice, then, didn't we?

Mr. Ripley. Right.

Mr. Yates. In pushing you to go to OMB. I understand you weren't prepared to go until we shoved you. That is not an overstatement, is it?

Mr. Hughes. I think that is fair. We can use a shove from time-to-time.

Mr. Yates. All right.

Mr. Hughes. We have pushed hard on security frequently, and have had difficulty, as I think we testified a month or two ago at the first hearing, in convincing them that our needs are as great as we think they are.

Mr. Yates. I think perhaps I will suspend the description of the security system at this point, and then we will have an off-the-record discussion with the committee on the security system and the needs of the Smithsonian. I should ask, though, about your museums. Air and Space, Hirshhorn, and Freer, in addition to Mr. Kennedy's museum, are they secure? Your museums don't show all of their exhibits, as I remember Hirshhorn, for example. They only show about, what, 20 percent of what they have?

Mr. Ripley. Perhaps.

SECURITY OF PAINTINGS AND SCULPTURE

Mr. Yates. Something like that. Where are the paintings? Are they in storage?

Mr. Ripley. They are in storage in the museum. It is a very special gallery for storage.

Mr. Yates. Is that absolutely secure?
Mr. Ripley. That is locked and secured as far as we know, safely. It has very limited access.

Mr. Yates. Okay, but I always am quite unhappy when you say it is locked and secured, and then you say as far as I know.

Mr. Ripley. No, I mean in the sense of being secure. The technology of theft is constantly on the march.

Mr. Yates. What about your paintings and sculptures, Mr. Jameson? As far as you know they are secure, too, or are they secure?

Mr. Jameson. They are in a secure area that is locked, alarmed, controlled access, record of that access, and periodically inspected by the security force, particularly after hours.

Mr. Yates. How do you know that? How does Mr. Ripley and Mr. Hughes know that? Mr. Kennedy testifies that, by and large, this is the responsibility of the curators. Mr. Kennedy says that he talks to his curators quite frequently and learns from them what is going on in their galleries, right, Mr. Kennedy?

Mr. Kennedy. Sure.

GEMS AND MINERALS

Mr. Yates. Then we read in the newspapers about Mr. Desautels and gems and mineralogy. Presumably he was, well, I see the phrase "blithe spirit for the magpie" and I guess you could use that phrase as well for Mr. Desautels in a sense because he was freewheeling, wasn’t he? Where is Mr. Appleman?

Mr. Appleman. Do you want to come up to the table here, please?

Mr. Appleman. Yes, Mr. Chairman.

Mr. Yates. And tell us how you operated.

Mr. Appleman. That is a rather broad order.

Mr. Yates. Now, the impression I get from having read the articles in the press about how the gems and mineralogy sections worked, Mr. Desautels had pretty much of a free hand in what he was doing. How much of what Mr. Desautels did did you know, and how much did Mr. Ripley, or Mr. Hughes, or Mr. Jameson know?

Mr. Appleman. Well, I think that I, and Mr. Ripley, and Mr. Jameson, and Mr. Hughes knew a great deal of what he did. Obviously we didn’t know everything. Mr. Desautels was a curator who was widely regarded as being the best mineral curator in the world. He was an extremely productive person who worked like a Trojan. Most low level administrators like myself have to spend our time on the people who are nonproductive, not on the people who are doing a superb job.

Mr. Yates. You mean you have nonproductive people at the Smithsonian? Is that what you are saying? Or do you use Mr. Desautels as your standard?

Mr. Appleman. If Mr. Desautels was our standard of productivity, I am afraid we would have few to measure up. However, my experience was that Mr. Desautels was keenly aware of his responsibilities as a curator; that he spent a lot of time worrying about such matters as security and restrictions and rules; that he was the one that frequently initiated new advances in our security, for example, in further restricting access to the mineral collections, although that inconvenienced the scientific community to a large
extent because he felt it was necessary with the increased value of minerals.

So based on my own experience and day-to-day observations I felt that I could in fact trust Mr. Desautels to do a responsible job. That doesn't mean that I didn't oversee his work in any regard. I did, in fact, approve all of the transactions, or my deputy that I appointed while I was chairman would approve them.

But I left such questions as "were all of the restrictions on these cases complied with" to his judgment feeling that in fact I could trust him. I think the record bears out that in fact in the vast majority of cases this was correct. My trust was not misplaced. But he did have a great deal of freedom and, in fact, all of our curators have traditionally had a lot of freedom. Now times have changed and it may be that we have to tighten up.

Mr. Yates. In what way have times changed?

Mr. Appleman. Times have changed in that the values of collections have increased. Times have changed in that the responsibilities on curators and the duties they have to perform have become much broader. I think our perception of what we owe the public in responsibility for these collections has also increased. I think it is possible that the great amount of freedom we have traditionally allowed curators will have to be modified. We have in our department already modified it considerably.

TIGHTENED DEACCESSION POLICIES

Mr. Yates. In what way?

Mr. Appleman. Well, we have established much more rigid procedures for transactions, for example, involving specimens in our department so that there is a rather formal list of steps that have to be gone through. The approving officer, which is the chairman of the department, no longer myself, can see at a glance whether a whole list—

Mr. Yates. No longer yourself. Who is the chairman of the department?

Mr. Appleman. Dr. Fudali is the chairman.

Mr. Yates. He is chairman—does that mean he is department head?

Mr. Appleman. Yes, chairman of the Department of Mineral Sciences.

So we have greatly tightened up. I have a statement with regard to changes on restrictive collections which I could introduce in the record.

Mr. Yates. I think we already have those in the files. Is that the same thing you gave us last week?

Mr. Hughes. I gave you the procedures themselves.

Mr. Yates. You gave us about five inches in height—

Mr. Hughes. Yes, sir.

Mr. Yates. [continuing]. Worth of various changes that had taken place. I think—is this what you are saying, Mr. Appleman? You are saying gems valued now over $7,500 must be approved by the museum directors; over $10,000, sales and exchanges must be approved also by the general counsel and the Smithsonian Secretary. Over $50,000, by the Board of Regents. Is that correct?
Mr. Appleman. Yes, sir.
Mr. Yates. Up to the present time any sales or exchanges of such gems had to be approved only by the curator and department head?
Mr. Appleman. Yes, only at the department level until the internal audit in 1982.
Mr. Yates. Until the internal audit in 1982.
Mr. Appleman. Yes. These new procedures were instituted as a result of that audit, the preliminary findings and recommendations of that audit.

HOPE DIAMOND

Mr. Yates. Are gems allowed to be loaned? One gem was allowed to be loaned to Mr. Winston.
Mr. Ripley. The Metropolitan Museum for a special show.
Mr. Yates. This was Mr. Winston's anniversary as I remember.
Mr. Ripley. Yes, but the show was in the Metropolitan. It went to the Metropolitan.
Mr. Yates. For Mr. Winston's show?
Mr. Ripley. For Mr. Winston's show.
Mr. Yates. Was that the Hope diamond?
Mr. Ripley. That was the Hope diamond. It went for one night. It came back.

GEMS ON LOAN

Mr. Yates. Are there other gems on loan other places?
Mr. Appleman. Gems are loaned to other museums for exhibitions. Our collections policy allows that, with approval of all concerned.
Mr. Yates. Who are all concerned?
Mr. Appleman. Generally, in the case of a loan to another museum for an exhibit, it would be certainly the department chairman, the museum director. In an extraordinary situation such as the Hope diamond it would be the Secretary's Office.
Mr. Yates. When does it go to the Board of Regents?
Mr. Appleman. I don't think that loans to other museums have ever gone to the Board of Regents.
Mr. Yates. Would they now have to go to the Board of Regents?
Mr. Appleman. No, not loans.
Mr. Yates. Suppose it is valued over $50,000?
Mr. Appleman. Loans are only permitted——
Mr. Yates. Dr. White?
Mr. White. Sir, I believe in the policy statement that $50,000 figure comes only under deaccessions.
Mr. Yates. It says sales or exchanges; that is right. I assume a deaccession can be either a sale or exchange, can't they?
Mr. White. Yes, sir.
Mr. Yates. What do you do in case of loans? Does the policy statement say anything with respect to loans, or do you have a policy statement with respect to loans?
Mr. Appleman. Yes, we do. Loans are only permitted in very restricted set of circumstances, essentially only for scholarly or exhibit purposes for other museums.
Mr. Yates. Is there a limit on the value?
Mr. Appleman. No.
Mr. Yates. So that you could loan another museum a gem that was valued at $500,000?
Mr. Appleman. Indeed, we have done so. Yes.
Mr. Yates. For how long?
Mr. Appleman. Usually for a period of a few weeks for a special exhibit.
Mr. Yates. Do you make loans for other than scholarship purposes?
Mr. Appleman. No. Any such loans for other than museum purposes would have to be approved by the Secretary of the Institution.
Mr. Yates. As the Hope diamond was, because that did not go for scholarly purposes?
Mr. Appleman. That is correct.
Mr. Yates. It went for a party. Okay. Well, then, if somebody asked you for the Hope diamond for scholarly purposes to be shown at a museum in another city, would you allow that to go? You could decide that yourself, then? Mr. Ripley wouldn't have to decide that, is that right?
Mr. Appleman. I think it would have to be decided by the museum director. It would not be done in the department.
Mr. Yates. Who is the museum director——
Mr. Appleman. Dr. Fiske.
Mr. Yates. Shouldn't Mr. Ripley know whether the Hope——
Mr. Appleman. If it were the Hope diamond, Mr. Ripley would certainly know about it.
Mr. Yates. But that isn't what you are saying. You are saying it would have to be approved by Dr. Fiske.
Mr. Appleman. At least.
Mr. Fiske. Mr. Chairman, if the question came to me in the future, I would take that question to the Secretary's Office.
Mr. Yates. Would the Secretary take it to the Board of Regents or not?
Mr. Ripley. I don't think it is necessary at this stage. It is not a deaccession. It is not a thing that involves a transaction with relative evaluations. It is an intermuseum loan. If we were loaning the Raphael "Madonna" or something of that sort, it is not necessarily beyond informing the Regents——
Mr. Yates. Do you inform the Regents?
Mr. Ripley. I think an important loan of this sort probably should be reported to the Regents. It would be.
Mr. Yates. Do you tell the Regents this is what I have done, or do you ask the Regents for permission to do it first?
Mr. Ripley. In loans it is a reporting process, not a permission process.
Mr. Yates. Suppose you were loaning the Raphael. Do you have a Raphael to loan?
Mr. Ripley. No. I just took the idea of a obviously valuable object.
Mr. Yates. You probably have a Raphael under your National Gallery portion of the Smithsonian, don't you?
Mr. Ripley. We have it under the National Gallery portion of the Smithsonian, yes.

Mr. Yates. Is that good policy?

Mr. Ripley. I think it is a perfectly good policy because it is a policy that is within the normal operation of a museum in its relations to other museums. A museum director has the right to make a judgment about another museum whether or not it is an appropriate repository for a loan, because we would be in this case the experts who would be able to make the judgment.

Mr. Yates. Doesn’t the unique quality of an object have something to do with it?

Mr. Ripley. Of course it does. That is true. That is why I think, when you mentioned the Hope diamond, let us say, or I mention the Raphael, one becomes rather sensitive to the relative priority or publicity value, or the monetary value, however you may describe it, involved in such a transaction. But traditionally, museums are able at the directorial level to conduct their own business with each other as to loans, exhibitions, and exchanges. When these transactions are important enough, of course, they are reported to the trustees.

HIRSHHORN LOAN PROGRAM

Mr. Yates. From your justification, A-73, for fiscal year 1984—I read:

For fiscal year 1984 an increase of $200,000 is requested to support costs of an extended loan program to institutions throughout the nation of works of art from the museum’s collection and bequest of the late Joseph Hirshhorn.

It goes on to say:

From the collection of 12,000 works of art a program has been conceived that would make available approximately 1,000 works to private and State-supported museums in urban and rural areas for research and exhibition purposes.

Who passes on questions of security in connection with the loans?

Mr. Ripley. One passes on the question of security in the case of each individual museum or repository. Take for example, the Kress collection of paintings, the first extended loan which I am aware of, starting in the 1930’s. The Kress Foundation found itself the owner of this enormous collection of paintings of the Kress brothers.

Mr. Yates. Right.

Mr. Ripley. Many of them were given outright to the National Gallery. Others were held in a kind of trust, and then the Gallery gave advice about how to loan out those paintings for extended periods of time to other museums. So it is a kind of prototype for the Hirshhorn, which Mr. Blitzer and I have discussed with the Hirshhorn and which the trustees of the Hirshhorn will approve, that because of the large number of objects it would be more beneficial for public education and enlightenment to have a program of loaning some of these objects, as we can determine which they should be, to other museums. That is the procedure.

Mr. Yates. I don’t object to your making available these loans. The only question in my mind is whether Mr. Lerner could have done it himself.

Mr. Ripley. I don’t think he would.
Mr. Yates. That is the point I am trying to find out from our discussion here today. So far, loans have been approved, according to the testimony, on the basis of curatorial or department level, right?

Mr. Appleman. Or museum directors.

Mr. Yates. Now, we find out in connection with at least, that increase which would be used to make works of art available throughout the country. You approved requesting that increase?

Mr. Ripley. Yes.

HOPE DIAMOND

Mr. Yates. All right. Which I think is the proper way to do it. Perhaps I am wrong. Maybe Mr. Peratino can set me right as to what the proper thing to do in something like this, as far as good procedures are concerned. Some of these works of art are worth $100,000, $200,000. The Hope diamond, I don’t know how much that is worth. It is worth over $1 million, isn’t it?

Mr. Ripley. It has a sentimental value.

Mr. Yates. The Hope diamond does?

Mr. Ripley. Nobody knows—

Mr. Yates. What that sentimental value is. It may have a material value in addition.

Mr. Ripley. Well, I have no way of knowing—I am sure Mr. Appleman doesn’t, either—of what the value of the Hope diamond is. It is a kind of balloon in your mind. You think of it like a comic strip. You have a sort of thing that goes up there and you say, "Hope diamond," and the light lights up in your brain and you say "Millions," but you don’t know.

Mr. Yates. Would Mr. Winston know?

Mr. Appleman. I suppose he knew what someone was willing to pay him for it.

Mr. Yates. Was the Hope diamond insured when it went up to Mr. Winston’s party?

Mr. Appleman. Oh, yes, I am sure; but I cannot speak—

Mr. Yates. How much was it insured for?

Mr. Fiske. $7 million.

TIGHTENED LOAN RESTRICTIONS

Mr. Yates. $7 million. At least the sentimental value was worth $7 million.

Dr. Fiske wants to say something. No? I thought you wanted to say something.

Where are we with reference to responsibility? Wasn’t the thrust of the articles in the press such that one gathered that with respect to sales and exchanges at least, the easy going procedures of the Smithsonian had to be tightened up a little? And they were tightened up a little?

Mr. Ripley. Yes. They had already been tightened up.

Mr. Yates. You still have your easy going procedures with regard to loans, no matter what the—oh, hands shot up. Mr. Reinhardt first.

Mr. Reinhardt. Mr. Chairman, I think in terms of the loans we are talking about two kinds.
Mr. Yates. Okay.

Mr. Reinhardt. In the normal carrying out of his responsibility, a museum director will be dealing with all the museums for exhibition purposes. That museum director and curators in the museum are in the very best position to determine whether the receiving, the requesting museum is a proper repository for an exhibition.

Mr. Yates. Okay.

Mr. Reinhardt. In the case of the Hirshhorn that you just mentioned, that is a different kind of program for which we are requesting new monies. These would be extended loans, possibly for a year, two years, three years, depending on what is worked out with the receiving institution. This is the reason we have come to this committee requesting an increase of $200,000 for the Hirshhorn.

Mr. Yates. Does that mean that loans for an extended period are not permissible on a curatorial or department level, but have to be approved by Mr. Ripley, Mr. Hughes, or somebody on a higher echelon?

Mr. Reinhardt. No. The request for the funds to carry out this new program——

Mr. Yates. I see. But if you didn’t need money, you could do it without going to them?

Mr. Reinhardt. Absolutely. Mr. Lerner and his staff will determine which institutions receive which paintings and for what period of time, whether they are proper repositories for a two-year period or a one-year period, whatever the terms may be.

Mr. Yates. Suppose Mr. Lerner wanted to loan those to the Hermitage?

Mr. Reinhardt. In extraordinary circumstances Mr. Lerner almost certainly——

Mr. Yates. Would that be an extraordinary circumstance?

Mr. Reinhardt. It would be. It would be a foreign loan.

Mr. Yates. What if it were Canada?

Mr. Reinhardt. He probably would call that to my attention. I would probably call it to Mr. Ripley’s attention. But he would be making a basic judgment which he is——

Mr. Yates. I have no objection to Mr. Lerner’s basic judgment. I have great admiration for Mr. Lerner and a very high regard for his judgment. But the question that comes up is, what is the extent of Mr. Ripley’s responsibility? How much of what goes on at the curatorial level should he know about?

Mr. Reinhardt. Mr. Ripley would know in the normal course of reporting about the—we report once a month, for example.

Mr. Yates. Suppose Mr. Ripley, on the other hand, is negotiating for some of the paintings that Mr. Lerner wants to send. Suppose he is negotiating with a foreign government for them.

Mr. Reinhardt. Mr. Ripley almost certainly would have been in touch with Mr. Lerner to begin with. Are they there? Are they likely to be there for the six-month period?

Mr. Yates. But he hasn’t finished his negotiations yet with the foreign country which wants those.

Mr. Reinhardt. Mr. Ripley can speak for himself.

Mr. Yates. He always has.
Mr. Reinhardt. I should think if Mr. Ripley were negotiating to lend paintings from the Hirshhorn Museum for some period of time to a foreign government—

Mr. Yates. He would start with Mr. Lerner.
Mr. Reinhardt. He is going to start with Mr. Lerner.
Mr. Reinhardt. He would probably call it to my attention and I would go to Mr. Lerner because he has got to make absolutely certain that the paintings are there.

Mr. Yates. Only in the case of a foreign loan or request for an appropriation do you feel any necessity to acquaint Mr. Ripley with what you are going to do?

Mr. Reinhardt. No, again we are talking about two kinds of loans, this very special loan for the Hirshhorn. These are not the most important paintings in the Hirshhorn collection.

Mr. Yates. Would you ever loan the most important paintings?

Mr. Reinhardt. We would in some circumstances for exhibitions. We are not likely to lend the most important paintings for a four-year period.

Mr. Yates. You are talking about two types of loans, so-called temporary loans and so-called extended loans.

Mr. Reinhardt. That is the way to put it.

TEMPORARY LOANS

Mr. Yates. For temporary loans you don't pay any attention to Mr. Ripley, right.

Mr. Reinhardt. We always pay attention to Mr. Ripley. But for temporary loans the museum director and his staff will make the basic agreement with the Metropolitan, with the Art Institute of Chicago, whatever it is. They want a painting or group of paintings for an exhibition that is to last 90 days. Mr. Lerner or any of the other directors will certainly inform us that they are making this loan.

Now, if they are—if they propose, as they are not likely to, to lend a painting for a three-year period, an extended period, they are certainly going to call that to our attention before they do it, for some of the very reasons you mention.

Mr. Yates. If he is going to loan it for 90 days, is he going to ask you for permission to do it?

Mr. Reinhardt. Not for permission; he is certainly going to inform me.

Mr. Yates. He is going to let you know, "Mr. Reinhardt, I am loaning these paintings to the Metropolitan Museum."

Mr. Reinhardt. Absolutely.

Mr. Yates. Suppose you don't want him to do it?

Mr. Reinhardt. If I know of any possible conflict, something else is being negotiated, we will tell him. We will work it out.

Mr. Yates. Mr. Powers wanted to say something. Thanks, Mr. Reinhardt.

Mr. Powers. I thought it would be worth mentioning, Mr. Chairman, that the Hirshhorn is in a slightly special position because of its board, which has some authority on the question of loans. The meetings of the board are attended by Dr. Reinhardt, by the Secre-
tary, and myself. At those times, the general loan program is reviewed. But I thought you would be interested to know that one of the things, and this is true of other museums in a perhaps slightly less formal way, one of the questions which the board considers is the condition of the works that are considered for loan. They have over the past few years developed a list of works which are not available for loan because they are deemed to be too fragile or too valuable, or whatever, to travel. I thought you would like to know that.

Mr. Yates. Okay.
Mr. Powers. So that there are additional procedures in the case of Hirshhorn for this.

Mr. Yates. Just for Hirshhorn alone? What about Freer? Does Freer have its own board of directors?
Mr. Powers. No, it does not. It has a visiting committee.
Mr. Ripley. It does not make loans——

AIR AND SPACE MUSEUM LOAN PROGRAM

Mr. Yates. It is not permitted under the terms of Mr. Freer's will. Okay. What about Air and Space?
Mr. Ripley. Air and Space has a loan program which is administered through the director. There is National Air and Space Museum Advisory Board which meets on occasion. The director reports to the Assistant Secretary of Science about such loans, and he reports to me.

Mr. Yates. Well, does he have to report to Mr. Challinor if he wants to make a loan?

Mr. Challinor. He would not request permission from me, Mr. Chairman, to make a loan. He would advise me, and I get a list of every object that is on loan to every museum that I am aware of.

Mr. Yates. So again your curators and department heads are freewheeling still at the present time, with the limitation that they let the assistant secretaries know what they are doing.

Mr. Hughes. On loans.

Mr. Challinor. On loans. They are the best qualified people within the Smithsonian to determine the appropriateness of an object to go on loan. And the appropriateness of the receiving——

Mr. Yates. Are they more knowledgeable in this field than you are?

Mr. Challinor. About airplanes, yes, sir.
Mr. Yates. Really? Not about motorcycles?
Mr. Challinor. Perhaps.

DEPARTMENT OF MINERALOGY LOAN PROGRAM

Mr. Yates. I note that you use a motorcycle. That is why I ask the question.

All right. Where are we then? With respect to gems, do we have a different policy with respect to gems? You do. You have no limitation on the amount of a gem that can be loaned, right?

Mr. Hughes. That is correct.
Mr. Yates. The permission, the approval for that loan is still within the authority of Mr. Appleman. And who is the chairman of the Department?

Mr. Appleman. Dr. Fudali and Dr. Fiske.

Mr. Ripley. The director.

Mr. Yates. The director of the museum itself?

Mr. Ripley. Yes.

Mr. Yates. Must the directors of the museums be contacted for their permission, too, for loans?

Mr. Appleman. For loans——

Mr. Yates. I thought it was only you and the department head.

Mr. Appleman. No. For loans of any value——

Mr. Yates. Over what?

Mr. Appleman. I do not—when we formulated the policy on loans, after the 1982 internal audit, the language that we used in the collections management policy was taken directly from that audit report. And since then it has been looked at by a great many people within the Institution, and the lawyers, and was deemed to be adequate. In practice, however, curators in my experience are extremely parsimonious and tight-fisted and they hate to loan anything for any purpose. Therefore, there is always much more trouble in the other direction.

If some museum wants to borrow something, the problem is to persuade the curator to let it go. So things always go to the museum director if they are of any value.

Mr. Yates. Dr. Appleman, do you have gems on loan now? Are there gems on loan now?

Mr. Appleman. I do not know of any. But then I am not the chairman anymore and we should ask Dr. White.

Mr. Yates. Dr. White, are any gems out on loan now?

Mr. White. I don’t believe there are, sir.

Mr. Appleman. The last major instance I know of was the loan of Colombian gems to Los Angeles County Museum.

Mr. Yates. When was that?

Mr. White. A year and a half, two years ago.

Mr. Appleman. Mr. Chairman, could I just make the point again that the additional restriction, the additional protection in regard to loans is that we only allow loans for very restricted purposes. And therefore there is that additional control, that loans are not allowed at all unless they are to another museum or scholarly institution.

GEMS APPRAISALS

Mr. Yates. Okay. Dr. Appleman, I am troubled by one thing. That is, at least, in the stories that appeared in the paper, and that is, what seemed to be the cooperation by the Smithsonian, if I can call it that, the cooperation by the Smithsonian in building, expanding, and moving valuations upward in order to attract gems for its collection. The stories indicated that certain gems which were purchased for, I guess, let us say $100,000, would be given to the Smithsonian and a deduction claimed by the donors of five times that value or six times that value. Who established those valuations?
Mr. Appleman. The valuations, as I understand it, are always established by independent appraisers whose profession it is to do such things. We never do that.

Mr. Yates. I thought I read in the press that Mr. Desautels did so.

Mr. Appleman. No, as far as I know Mr. Desautels never appraised anything.

Mr. Yates. I don’t mean as an appraisal, but he established the value, in saying that he would receive—well, the first article. He would say that he would boost the value by a certain amount of money. Is my memory not correct on that?

Here. I quote from this article:

One of the chief instruments for expanding the gems and minerals collection was to use the collection itself as material with which to barter, exchange, or sell. Unlike many curators who are extremely reluctant to part with museum specimens, Desautels says he was willing to become a speculator in the private gems and minerals marketplace. Using his knowledge and the prestige of the Institution he deliberately drove up mineral prices worldwide, and his appraisal became gospel. For example, he says in 1979, he set the value of some Smithsonian diamonds at about $250,000. He said, “I just upped them 40 percent over their appraisal, made the deal, and I got away with murder.” Then traded the diamonds at what he says was this inflated value for California gold specimens he wanted the museum to have.

That is the reason I asked the question I did. Your statement to me does not accord with what I read from the newspaper.

Mr. Appleman. No. For the details of that I am afraid you will have to ask Mr. Desautels. My understanding has always been——

Mr. Yates. Did you not know about what he was doing?

Mr. Appleman. I certainly did not know that he had ever appraised anything.

Mr. Yates. All right. Did you know he was upping the value in connection with——

Mr. Appleman. I don’t understand what that phrase “upping the value” means. I do not understand, in fact, that whole passage. To me it—it sounds like a transcript taken from words where Mr. Desautels was talking rather freely, ad libitum, which were then arranged as they must be by any reporter to write an article. But I frankly do not understand what they mean, and I think you would have to ask Mr. Desautels. Our understanding was always that we never did appraisals in any sense.

Now that doesn’t mean that we didn’t have our own ideas of what things were worth. But we did not do appraisals, ever.

Mr. Yates. The next paragraph says this: “As part of his broad effort to expand and improve the collection, Desautels at times allowed the National Museum to be used as a tax shelter by wealthy and prominent doctors, lawyers, bankers, and businessmen.”

Did you know about that?

Mr. Appleman. I questioned that phrase “allowed the Institution to be used.” The law allows the Institution to be used as a tax shelter. Mr. Desautels and I never allowed the Institution; it was not in our power to allow the Institution to be used as a tax shelter.

GEMINI TRUST CORPORATION

Mr. Yates. What about the use of the relationship with Gemini? Wasn’t that a contrivance that was used for that purpose?
Mr. Appleman. I have no knowledge, personal knowledge of that relationship with Gemini. That was something that I did not know about.

Mr. Yates. Who knew about that?

Mr. Appleman. I presume Mr. Desautels.

Mr. Yates. Was he the only one you knew that knew about it? Weren't you on the board of Gemini?

Mr. Appleman. No, I was on the board of the Charitable Trust but not on the board of Gemini. And I knew nothing about Gemini.

THE CHARITABLE TRUST

Mr. Yates. Why was the Charitable Trust created in the first place? Were you there when it was created?

Mr. Appleman. I was there at a meeting attended by a galaxy of Smithsonian notables and representatives of the donors. I was the very junior member who had just become chairman of the department.

Mr. Yates. Would you let us know who that galaxy of Smithsonian notables was? You brought the firmament down from the Heavens, right?

Mr. Appleman. I will try to remember who was there but——

Mr. Yates. Were there minutes made of that meeting?

Mr. Appleman. I am sure there were. The then director of the Museum of Natural History, Porter Kier; the assistant secretary for science, David Challinor; chief counsel, Peter Powers. I believe that other lawyers, if that is the right term—counsel—but I am not sure exactly who. Paul Desautels, myself, a lawyer that represented a donor. I am sure I left somebody out.

Mr. Yates. Who proposed the use of the Charitable Trust?

Mr. Appleman. The proposal came, as I understand it, from the donor through Mr. Desautels.

Mr. Yates. The donor being Mr. Yampol or Gemini?

Mr. Appleman. No, the donor being Mr. Yampol. Gemini was a term I never heard until last year when these things came up.

Mr. Yates. What happened with this galaxy of Smithsonian officials and the lawyers?

Mr. Appleman. The Trust agreement was approved.

Mr. Yates. What did they decide to do?

Mr. Appleman. They talked about the provisions of the agreement and agreed to sign it, I presume.

Mr. Yates. What were they to do under the agreement? Do you remember, Mr. Powers, what the agreement was for? You were one of the galaxy.

Mr. Powers. Yes, sir.

Mr. Yates. One of the stars—maybe even a planet. Are there only stars in the galaxy, David?

Mr. Challinor. No, sir. There are stars, and planets, and meteors, and everything else. Mostly stars.

Mr. Yates. Which are the highest level, the planets?

Mr. Challinor. Stars.

Mr. Yates. All right. You were one of the stars, Mr. Powers?
Mr. Powers. The agreement submitted by Mr. Yampol's attorney, we felt, required some work. It was rather vague as to its provisions, and as I recall uncertain as to its operations.

ORIGIN OF THE CHARITABLE TRUST

Mr. Yates. Why were you meeting, Mr. Powers? Who suggested the meeting in the first place? Who suggested the Trust? How did it all begin?

Mr. Powers. It came from Mr. Yampol.

Mr. Yates. Did he call you, or what?

Mr. Powers. No. We learned about it, I think, from Dr. Challinor, who had learned about it from Mr. Desautels.

Mr. Appelman. Desautels.

Mr. Powers. And Mr. Yampol.

Mr. Yates. Mr. Desautels apparently thought it was a good idea?

Mr. Powers. Yes.

Mr. Yates. He told you, Mr. Challinor. He told Mr. Challinor and then Mr. Challinor told Mr. Powers about it? Do you remember how it all began, Dr. Challinor?

Mr. Challinor. Yes.

Mr. Yates. Do you want to sit down next to the reporter?

Mr. Challinor. When I learned about this—

Mr. Yates. You learned about it from Mr. Desautels?

Mr. Challinor. I learned about this from Mr. Desautels and the department, but I remember Mr. Desautels specifically. I said this sounds like an interesting agreement, let us see what we are being asked to agree to. On that basis I assembled Mr. Powers and colleagues from his office in my office and met with Mr. Yampol and the people from Minerals Science to listen to what he was proposing.

The proposal was in writing, as I remember. That proposal was then given to Mr. Powers and his colleagues to review. They then came back and said, "We have some questions," as I remember.

Mr. Yates. May I interrupt just a minute? You said it was an interesting proposal. In what way was it interesting? What was proposed?

Mr. Challinor. It was proposed to give the Smithsonian a computer as a gift to the Department of Mineral Sciences. There was some money, too, as I remember. The key element was a computer that was on loan to the Mineral Sciences Department, and this was to be transferred outright to the department under this agreement.

Mr. Yates. What was the Smithsonian to give to Mr. Yampol?

Mr. Challinor. We were not supposed to give anything.

Mr. Yates. He was just giving you a computer?

Mr. Challinor. Yes.

Mr. Yates. Why do you need a Trust for that?

Mr. Appelman. Should I speak to that?

Mr. Yates. Sure. Because you are one of the lesser stars.

Mr. Appelman. I am very much. Nevertheless I was there. As I understood it, the purpose of the Trust was to enable Mr. Yampol to continue to benefit the Institution, which in this case meant the Department of Mineral Sciences specifically, by setting up an avenue for channeling benefits more directly to the department,
and for this he chose this model of a charitable trust which existed already.

PURPOSE OF THE TRUST

The purpose of such things, the sole purpose, was to benefit the Department of Mineral Sciences of the Smithsonian in its work of exhibits, collections and research. My understanding was that the donor would then put a sizeable amount of money into this Trust, actually in the form of stocks, and also this computer system would go into the Trust. And that the Trust would have all of the tax benefits, I shouldn’t be talking about this because I am not a lawyer, all of the tax benefits that accrue to the Institution, that is to say people could make donations to the Trust and receive the same benefits——

Mr. Yates. Why is there an advantage in this procedure over making a donation directly to the Smithsonian?

Mr. Challinor. That is exactly the question that I was raising, Mr. Chairman. And that is what we were discussing.

Mr. Yates. Okay. David, what conclusion did you arrive at? You raised the question, what was the advantage of the Trust? Now who gave you an answer? Mr. Powers gave you an answer.

Mr. Powers. We questioned the same thing, because we have very rarely gone into an agreement which has outside trustees.

Mr. Yates. Yes.

Mr. Powers. Because it is cumbersome.

Mr. Yates. Right, exactly.

Mr. Powers. It is not necessarily a disadvantage. We understood that this was the only way in which Mr. Yampol would consider making his benefactions.

Mr. Yates. Why?

Mr. Powers. You will have to ask Mr. Yampol. We questioned it. But after going over it several times and changing some of the language in it, we determined that it was certainly possible that it would work to the benefit of the Institution, and that although it was a cumbersome procedure from our point of view, it was something which we were willing to at least try out.

Mr. Yates. Now, who is trying this out? David, as the assistant secretary. Dr. Challinor is the assistant secretary. He receives the approval from Mr. Powers as to the legal aspects of this, and you say, all right, go ahead. You talked to Mr. Ripley about this?

Mr. Challinor. I don’t believe I discussed this with Mr. Ripley, Mr. Chairman. I said, if this is legal and within the law, let us try this operation and see if it works. It turned out that it did not work. And we pulled out.

Mr. Yates. But it took two years to do it.

Mr. Challinor. It wasn’t that long.

Mr. Yates. 1979 to 1981 according to the newspaper.

Mr. Powers. About two years.

Mr. Challinor. All right.

Mr. Yates. Why did it not work?

Mr. Challinor. It did not——

Mr. Yates. Why did you determine that it did not work?
Mr. Challinor. It did not work because we perceived that the Trust was not really for the benefit of the Smithsonian.
Mr. Yates. How did you perceive that?
Mr. Challinor. I will have to defer to the general counsel on that.
Mr. Yates. Somebody ought to answer it. You weren't there, were you?
Mr. Challinor. Yes, he was.
Mr. Hughes. I was there at the conclusion. I wasn't there at the launching.

TERMINATION OF THE TRUST

Mr. Yates. Well, but were you there when it was concluded that it did not work?
Mr. Hughes. Yes, sir.
Mr. Yates. Okay. Why did you conclude that it did not work?
Mr. Hughes. Well, there were several reasons. First, as Peter and David have said, there was a question as to whether it was working to the benefit of the Institution at all, and whether it might not be more beneficial to other persons. It had at least the appearance perhaps of benefiting Mr. Yampol and his associates.
Mr. Yates. In what way?
Mr. Hughes. In terms of their gifts to the Institution and the benefits that they might derive therefrom.
Mr. Yates. You mean tax benefits?
Mr. Hughes. Yes. I had no knowledge of that, but the possibility was clearly there.
Mr. Yates. That in itself, the Smithsonian accepts tax deductible gifts all the time. Why did you suddenly decide you didn't want this to happen in this—
Mr. Hughes. I was coming to that.
Mr. Yates. Okay.
Mr. Hughes. The question of who was in control of the Trust was part of our problem. The Trust had, I believe, a five-man board on which the Smithsonian had minority membership, and we felt this was an additional disadvantage of the Trust. The Trust had both the appearance of and the possibility of becoming an arrangement which none of us thought appropriate for the Smithsonian.
Mr. Yates. Why did you start it then?
Mr. Hughes. What?
Mr. Yates. Why was it started then?
Mr. Hughes. You must talk to those who started it, but it did not have that appearance at the outset.
Mr. Yates. Why did it not? Why did it not have that appearance at the outset? All that you have said, Mr. Hughes, as to why you said "Let's call it quits," is the discussion that it looked as though they would be receiving tax advantages for gifts.
Mr. Hughes. No, there was more to it than that. There had been a series of transactions involving the Trust, most of which involved donations to the Trust, but not to the Institution. As to the computer itself, as I recall it, title was never transferred to the Institution. It remained in the Trust. And when we terminated the Trust, I
guess I should say the Trust picked up its dollies and left, including the computer, and most of the gems.

We did derive some benefit from the Trust, that should be clear. But it seemed to me that the combination of circumstances was one that we shouldn’t be associated with.

Mr. Yates. At any point along this line, did you discuss it with Mr. Ripley, who I think was Secretary of the Institution?

Mr. Challinor. Absolutely, Mr. Chairman. We make value judgments all the time, on the degree of detail.

Mr. Yates. You mean Mr. Ripley is often in an ivory tower and you don’t tell him about things like this?

Mr. Challinor. Not at all. We tell him the things we think is appropriate for him to be knowledgeable about in detail.

Mr. Yates. He is kind of like the “Grand Lama” then.

Mr. Challinor. There are so many things going on at the Smithsonian. It is a question then——

Mr. Yates. But this is a big thing, isn’t it? This is a question, you are organizing a Trust to receive big gifts from Yampol, aren’t you?

Mr. Challinor. This was after——

Mr. Yates. David, aren’t you going to be proud and tell Mr. Ripley what you have done?

Mr. Challinor. Mr. Chairman, once the decision was made the Secretary was certainly advised of what we had done and that we were reviewing this potential gift.

Mr. Yates. I will go vote.

[Recess.]

MINOR AMENDMENTS TO THE TRUST

Mr. Yates. Dr. Challinor, did you ever suggest this grand initiative to the Secretary?

Mr. Challinor. I believe that the Secretary was advised. I would have to go through the system and see whether there was a written memo or whether it was done verbally.

He certainly was told at our regular monthly meeting.

Mr. Yates. This was a device that was supposed to be one of beneficence for the Smithsonian, wasn’t it?

Mr. Challinor. We anticipated that it would be, yes.

Mr. Yates. When you started out. Then somewhere along the line between the time it was created and the time it was disestablished, the name of the Trust was changed from Charitable Trust to the Charitable Trust for the Smithsonian?

Mr. Challinor. Yes.

Mr. Yates. Why was that change made?

Mr. Powers. I don’t know. We don’t know why the——

Mr. Yates. Who changed it?

Mr. Powers. The Board.

Mr. Yates. Dr. Appleman would know that?

Mr. Appleman. I was on the Board. The meetings of the Board of Trustees were somewhat pro forma, and took place about once a year, at which time the two representatives, Mr. Yampol and usually his associates, would come down and meet with Mr. Desautels and myself.
He would say, "Well, this is the financial status of the Trust," and give us a summary of all the stocks and things like that. At one occasion he said, "And we have a couple of minor amendments to the agreement we would like to put through to clarify the purpose of the Trust."

Mr. Yates. So that was one of the minor amendments.

Mr. Appleman. That was one of the "minor amendments."

GEM TRANSFERRED FOR STOCK

Mr. Yates. According to the articles, Mr. Desautels transferred a gem to Mr. Yampol in exchange for stock of Mr. Yampol's company. Do you remember that?

Mr. Appleman. I remember that, yes.

Mr. Yates. According to the article, he said that he could not sell the gem. So this kind of a device was used, in which the gem was transferred to Mr. Yampol and stock was transferred to the Smithsonian.

Do you remember this at all?

Mr. Appleman. I remember the incident, yes, as described in the newspaper article, but it took place before——

Mr. Yates. What is the difference between a sale where the Institution receives money, or receives stock? That is a sale, isn't it?

Mr. Appleman. It certainly would seem so.

Mr. Yates. It would seem so. It is a sale, isn't it? That is a sale, isn't it, Mr. Powers, whether the sale be for cash or for stock?

Mr. Powers. I think the IRS would certainly regard it as a sale.

Mr. Yates. You would, too, wouldn't you?

Mr. Powers. Yes.

DONATIONS TO THE TRUST

Mr. Yates. Let's get back to the purpose of the Trust. What was donated to the Trust? Was anything donated through the Trust to the Smithsonian?

Mr. Challinor. Not that I am aware of, and this is what made us nervous. For example——

Mr. Yates. From its inception, nothing was donated through, by way of the Trust to the Smithsonian?

Mr. Powers. No——

Mr. Hughes. I am not sure. We can provide you details for the record, because this was all involved in the settlement with the Trust at the time we bowed out of it. My recollection is there were some contributions to the Smithsonian through the Trust. That is my recollection.

Mr. Yates. Would Dr. White know the answer to that?

Mr. Hughes. I don't know that.

Mr. Yates. Would you know the answer?

Mr. White. No, sir. I would have to check the record.

Mr. Hughes. We can furnish you with a rather good record because upon the liquidation of the Trust there was an accounting.

Mr. Yates. Why would Mr. Yampol want this creation of the Trust? With my Byzantine mind, Mr. Powers, as I walked over to vote, it occurred to me that the Trust could be a very useful device for Mr. Yampol and for the Smithsonian, both, as a resting place
for gifts to the Smithsonian during which time the gift would be allowed to appreciate in value.

So that at the time that the gift was actually transferred to the Smithsonian, it had a value much in excess of what its value was at the time it was placed in the Trust originally.

Mr. Powers. Yes. But the Trust, being a nonprofit charitable trust, there would be no benefit from the transfer of that increased value.

The benefit would occur at the beginning. If you would like me to speculate on the purposes of the Trust.

Mr. Yates. Yes. Well, I would hope you would know rather than speculate. If that is the best you can do, let's do it.

Mr. Powers. It is the best we can do.

Mr. Yates. Okay.

Mr. Powers. It seems to me that what we perceived after two years of experience, which we knew very little about until the end of that period, Mr. Yampol had succeeded in creating a vehicle in which he could, and perhaps his associates, could make contributions without the kinds of procedures that we have been discussing earlier that the Institution itself would impose.

Mr. Yates. Such as what?

Mr. Powers. Well, review of the desirability of the particular gem, whether we needed it, and so forth. It seemed to me——

Mr. Yates. How could he do that? The approval of the Smithsonian would still be required before it was transferred from the Trust to the Smithsonian.

Mr. Powers. Well, the approval was given by Mr. Desautels and Mr. Appleman. We had great difficulty getting—when we wanted to review what was going on after a year or so—great difficulty getting minutes of the meetings and what had happened, including tax returns.

When we did get them, we discovered among other things the change of name. My perception or speculation as to the usefulness of the name is that it was useful in securing donations from other parties, reassuring, as it were, to describe this as a gift to the Smithsonian.

Perhaps reassuring if that enabled some outside donor to recite that on his tax return on the theory that that would be a greater assurance that the IRS might accept the valuation, or whatever else was involved.

That is my speculation.

Mr. Yates. Okay.

PURPOSE OF THE TRUST

Mr. Hughes. I think there is possibly one more I would speculate on, Mr. Chairman. The Trust provided a vehicle short of the Smithsonian, and as Mr. Powers has said, without some of the constraints of the Smithsonian's requirements, a vehicle for playing curator.

I think Mr. Yampol likely has a personal and substantial interest in gems, not just as tax devices, but for their own sake. It was a vehicle through which he manipulate and play with gems in a marketing sense.
But that is pure speculation from some conversations with our staff and others. I guess I am trying to say that there was, I think, some genuine interest in gems on Mr. Yampol's part, as I have understood it, from him and others, and this was a device which enabled him to meet that interest and trade in gems without some of the difficulties that might otherwise have taken place.

**TERMINATION OF THE TRUST**

Mr. Yates. What made you decide to quit?
Mr. Hughes. We have gone through that?
Mr. Yates. I know that.
Mr. Hughes. We can do it again.
Mr. Yates. Who brought it to your attention?
Mr. Hughes. Dr. Challinor and I have caucused a little bit as you were gone to see what some of the triggering events were. David, I think, can talk about some of them.
Mr. Yates. David?
Mr. Challinor. Mr. Chairman, there were primarily two events. One was the donation of a gem to this beneficial Trust. The lawyer of the donor to the beneficial Trust said——
Mr. Yates. Whose name is——
Mr. Challinor. Why not give the gem directly to the Smithsonian rather than the Trust?
Mr. Yates. This lawyer's name is—wait a minute. I will find it. He was also a member of the Board. Do you remember the name?
Mr. Appleman. No, I don't believe that is the case.
Mr. Challinor. This is not that case. Not the case reported there.
Mr. Hughes. A different trust, I think, Mr. Chairman.
Mr. Yates. Go ahead.
Mr. Challinor. A donor gave a gem to the Trust. The donor's lawyer said, why not give it straight to the Smithsonian, Mr. Donor.
Mr. Yates. Right.
Mr. Challinor. This was asked of the Smithsonian, and the lawyer was told, "Of course you can give it directly to the Smithsonian." That advice was very strongly objected to by Mr. Yampol. Mr. Yampol was very upset that the donor might give this directly to the Smithsonian.
Mr. Yates. Why would he be upset? Ask Mr. Yampol?
Mr. Challinor. When we heard that he was upset, it alerted us that something was not right. This was followed by another incident in which the Trust was given a gem, without Mr. Desautels' knowledge. The gem did not come to the Smithsonian but was sent to another museum.
Therefore, it became clear to us that this was not for the benefit of the Smithsonian, and not being for our benefit, we had better get out.
This is what Mr. Hughes and I and other colleagues decided, and we—I don't know the technical term, but we——
Mr. Powers. We withdrew.
Mr. Yates. Go ahead, Mr. Powers.
Mr. Powers. Inasmuch as the basis for the tax exemption of the Trust was that of a supporting organization, supporting, in other words, to the Smithsonian, clearly, so far as we were persuaded or believed that it was not being run in that fashion, we had to withdraw.

What we did, the two officers, the two members of the Board resigned. We informed the IRS that it was no longer a supporting organization. It continues, I believe. I believe it still exists.

Mr. Appleman. I believe so.

Mr. Powers. And that is their problem.

Mr. Yates. How can you inform the IRS that it is no longer a supporting organization because your two members resigned?

There was still three members of the Board, which is a majority, and the Trust was still in existence and presumably the purposes of the Trust were still the same as they were when they were created, as far as the other members of the Trust are concerned, it could still be that same kind of a Trust, couldn't it?

You don't have power to disestablish the trust by yourselves, do you?

Mr. Powers. No, not at all, but we have power whether we accept the benefits of a particular trust. There has been no suggestion since we withdrew that they would make contributions to us.

Mr. Yates. All right. So the Trust is disestablished then. What about the question of relating to the phrase that I read?

Mr. Appleman says that he did not know what Mr. Desautels was doing, if, in fact, he said that he boosted the value of these gems; is that correct?

Mr. Appleman. I can speculate to what that meant, but it would be speculation.

Mr. Yates. All right.

Mr. Appleman. Would you like me to?

Mr. Yates. I would like you to speculate because——

Mr. Appleman. I think he was indulging in some hyperbole in explaining his transactions with dealers who were themselves extremely knowledgeable in trying to exchange diamonds for something else, in that he was saying that he had managed to convince the dealers perhaps that these diamonds were worth what they are.

But in appraising them in the formal sense, I am sure that he never did. I would be very, very surprised if he ever appraised them.

I think he was talking about the value that he was able to convince the dealer to place on them.

Mr. Yates. What about his dealings with Mr. Hanson, were you aware of those?

Mr. Appleman. I knew Mr. Hanson was one of the major mineral dealers in the country with whom Mr. Desautels and our Department had many, many transactions.

THE STAR CORUNDUM

Mr. Yates. What about the Star Corundum from Frank Ingram that was transferred to Mr. Hanson, as I remember this statement? Then was cut up.
As I remember what this said, here, it says, this is a memorandum from Mr. Peratino. "Possible need for further investigation," dated May 11, 1982.

When did you decide to disestablish the Trust?

Mr. Hughes. It was well before that. It was around the middle of 1981, as I recall it.

Mr. Yates. Here we have this memorandum from Mr. Peratino. Mr. Peratino says in October 1981, "Mr. Desautels shipped the 316.85 carat Star Corundum to Mr. Gary R. Hanson, a St. Louis gem and mineral dealer. Mr. Hanson was to sell the corundum for the Smithsonian. A value of $30,000 was placed on the corundum by Mr. Desautels. May 6, 1982, John White, curator in charge of the Smithsonian, advised us that the corundum had been cut on two occasions by Mr. Hanson. "Mr. Hanson about three weeks ago sold the cut piece. Mr. Hanson advised John White that the Smithsonian realized $20,000 from the sale of the corundum."

Were you aware the corundum had been transferred to Mr. Hanson?

Mr. Appleman. It was not transferred. It was sent in an attempt——

Mr. Hughes. Consignment?

Mr. Appleman. Yes, essentially on consignment in an attempt to work out an exchange whereby the Institution through this transaction would realize the value of the stone——

Mr. Yates. Why, if it were sent on consignment, why would Mr. Hanson feel free to cut it?

Mr. Appleman. As I understand it, he did not cut it. He did some slight recutting in order to improve its saleability. The stone was considered relatively unattractive for a stone of that magnitude, which is why I understand the price was so low and on several occasions they tried to recut it to improve the appearance of the star.

THE STAR OF ARTABAN

Mr. Yates. According to Mr. Peratino's memorandum, the value of a similar star, to the Star of Artaban, was believed to have a value of $200,000-$250,000.

Mr. Appleman. Again, that depends on what you mean by value. Somebody may have appraised another star sapphire at a value like that. This particular star realized the value you read. Basically, a stone is worth what somebody is willing to pay for it under these circumstances, where you are trying to get money for it.

Mr. Yates. All right. How expert is Dr. Mandarino?

Mr. Appleman. In what?

Mr. Yates. As one who recognizes the value of gems?

Mr. Appleman. I have no personal knowledge that he is an expert in that field. He is a very well-known mineralogist, a fine mineralogist.

Mr. Yates. Okay.

Mr. Fudali. Mr. Chairman, may I say something? I am Robert Fudali.

Mr. Mandarino never saw the Star of Artaban.
Mr. Yates. That is what I said. He says he has a star that would be similar to it.

Mr. Fudali. He said, if the Star of Artablan is similar to the Star we have in our collection. Our Star was appraised recently at whatever it was. But he had never seen the Star of Artablan. He could never make that comparison.

Mr. Yates. Sure. By April 1982, the Star of Artablan had been cut, hadn’t it?

Mr. Fudali. It had been slightly recut to try to improve the Star.

Mr. Yates. Yes.

Mr. Fudali. But I don’t believe he ever saw the original.

Mr. Yates. No. He said he believed they were similar.

Mr. Fudali. My recollection of the wording is, he said if they are similar.

Mr. Yates. Right. If they are similar. Mr. Mandarino says he believed they were similar based on what Mr. Peratino told him; right?

Mr. Peratino. Based on what he said to us, yes, if it was similar to the one they had recently appraised.

Mr. Yates. Well, we are out of this anyway now. But the question of—I am still troubled by the increases in values that are discussed in these gems that were given to you, because I wonder about whether the taxpayers are paying for the gifts to the Smithsonian rather than the donors, because——

GEM APPRAISALS

Mr. Hughes. Mr. Chairman, if I could comment, I think that is a very legitimate concern. We have, you will note in the collections’ management policies, tried to address that question more directly, still without putting ourselves into the business of appraising donations.

I am not sure we are fully satisfied yet. But the language which pertains to our responsibilities here is more stringent than it was prior to this series of events. But it is a very difficult question.

I think Mr. Appleman’s comment was correct, that the law permits this as things now stand. Gem appraisals are in a sense whatever they are, as is the case with art and gold and so on.

While we should not, be a party to tax fraud or undue tax advantage, neither should we be in the position of making the decision as to what the appropriate tax appraisal ought to be.

Mr. Ripley. It is true, also, Mr. Chairman, that there is an immense amount of fluctuation in a kind of irregular cyclical manner in the value of almost anything, whether it is real estate or paintings or gems.

There are fashions that constantly control the trading or negotiating on a commercial basis in the values of all these objects. No one is to say that a diamond that might be worth $200,000 four years ago is currently worth $200,000.

It might be less if the fashion happens to have declined, or it may be more if the fashion happens to have increased. I think this is a truism throughout.

Of course, it is perhaps more illustrated in the case of gems because gems always excite the mind.
Mr. Yates. Okay. The problem, of course, is the problem of IRS, is to determine what the value is.
Mr. Ripley. That is a very tough problem.
Mr. Yates. But IRS would know only if it had the expert opinion of people who are gifted in the field as Mr. Desautels. You are not an appraiser, are you?
Mr. Appleman. No.
Mr. Yates. Do you know anything about values of gems?
Mr. Appleman. Absolutely not.
Mr. Yates. How come you are working as you are at the Smithsonian?
Mr. Appleman. I am a mineralogist.
Mr. Yates. You have these big devices then.
Mr. Appleman. I hasten to add, you will see statements such as that a Ph.D. in mineralogy qualifies one to appraise gems and minerals. That is not in any sense true.
Experience in the gem and mineral market qualifies one to appraise minerals and as far as I can see, that is the only thing that qualifies one.
Mr. Yates. Here in the press for Tuesday, March 19, the Smithsonian apparently is the target for lots of gifts, right?
Mr. Appleman. I hope so.

GEM DONATIONS TO THE SMITHSONIAN

Mr. Yates. You are described as saying, or Desautels as saying, “I am not so naive as to think most gifts given the museum aren’t tax shelters. They certainly are. They not only are now, but always have been.
You can tell why gifts are given by the fact they come in in November and December. They don’t come in in July. I can put two and two together.”

Mr. Appleman, former Chairman of the Museum’s Mineral Science Department, describes the scene at the end of the year as gem and mineral gifts came in. Quote, “There would be dozens and dozens of such things piling up, I mean maybe scores of gifts, some of them astonishing, magnificent things. It was like watching the treasures pour in in Aladdin’s cave or something, incredible stuff. It certainly strained the system that we had just to get the stuff processed.”

What do you do with these literally scores of gifts that come in?
Do you decide whether to accept them or not accept them?
Who makes up their mind on this? Do you do it or does Mr. Desautels do it or does Mr. Hughes do it?
Mr. Appleman. The procedure is very much more rigid now than it was before the 1982 audit. In the past the curator in charge, which was Mr. Desautels during most of this period, pretty much decided.
Now, there is a very rigid system for approval which starts with the curator, or assistant curator, and goes to the Department chairman and the director of the museum and, depending on the value, through the assistant secretary and the secretary, the under secretary, the secretary, even possibly to the Board of Regents.
So I think it is pretty well circumscribed. The authority is now pretty well diffused and much——
Mr. Yates. Do you still get as many gifts at Christmas time for the Smithsonian? Does it still pour in?
Mr. Appleman. Mr. White could respond to this past Christmas, which would be the first one——
Mr. Yates. Mr. White.
Mr. White. Sir, we had four this past——
Mr. Yates. Were you literally flooded with such gifts?
Mr. White. No, sir.
Mr. Yates. No longer? Why? Because of what happened?
Mr. White. In large part because of the IRS challenging so many gifts in the past, I believe. Another element is the fact that we have turned down a number that were offered.
Mr. Yates. Is this something you didn’t do in the past?
Mr. White. I never had the option in the past.
Mr. Yates. Who had the option?
Mr. White. Mr. Desautels.
Mr. Yates. He was the one who decided whether to accept the gift or not?
Mr. White. That is correct.
Mr. Yates. Would he, or you, or Mr. Appleman discuss the acceptance of these gifts with Mr. Ripley?
Mr. White. Not in the past, sir.
Mr. Yates. Not in the past nor in the present. Or do you in the present?
Mr. Appleman. Depending on the value, yes. We would now. If it were over——
Mr. Yates. Over what?
Mr. Appleman. $50,000. $25,000.
Mr. Yates. This is deaccessioning you are talking about?
Mr. Hughes. That is right.
Mr. Yates. I am talking about accession.
Mr. Appleman. Yes, even accession. Absolutely.
Mr. Yates. The same rule applies?
Mr. Appleman. Yes.
Mr. Hughes. Is what different, Mr. Chairman? The Regents are not at present written into the accession process.
Mr. Yates. Well, they are. They are over a certain amount.
Mr. Hughes. They are involved only for deaccessions.
Mr. Yates. Is that only deaccessions?
Mr. Hughes. Yes, they are not for accessions as I recall it. Mr. Humelsine and I have talked a bit about this. They may wish to be included in the accession process. I don’t know.
I simply wanted to make the point that there are somewhat different ground rules for accession and deaccession.

COLLECTIONS MANAGEMENT POLICY

Mr. Fudali. Excuse me, Mr. Chairman. I believe Mr. Hughes is thinking of an earlier draft of our collections policy. The latest draft stops at the director of the museum for accessions and goes through the Board of Regents for deaccessions only.
Mr. Hughes. That is what I said.
Mr. FUDALI. No, it stops at the director. It does not——

Mr. YATES. Sam, what I was asking was when does Mr. Ripley get knowledge of it or when do you get knowledge of it? Apparently for accessions, you don’t get any knowledge at all.

How do you know whether you want to accept a gift?

Mr. HUGHES. I think we know best through the people who are expert in the particular area.

Mr. YATES. Yes, but maybe somebody with a less than shining reputation wants to make a gift to you, and you decide you don’t want to accept a gift from him. The value of the gift is, say, $100,000 or $200,000.

As I understand it, you turned down Mrs. Post’s Hillwood house and that was a valuable collection—what was it, Faberge?

Mr. RIPLEY. Russian, I think.

Mr. YATES. Sure. You have turned down things.

Mr. RIPLEY. Yes.

Mr. YATES. But not many.

Mr. RIPLEY. Yes, every year, a succession of things in every museum are turned down either through the director, through the commissions who meet as part of the museums or through the Trustees——

Mr. HUGHES. I think, Mr. Chairman, there is a real question as to the extent to which the Regents or perhaps even the Secretary need to be involved—what the guidelines should be for involving——

Mr. YATES. Right. That is what I am trying to find out, Sam. Again, let’s give you my example of the $200,000 gift from somebody with less than a shining reputation.

Would you accept such a gift? They don’t have access to the person’s background, for example. How much of an investigation do they make? Do they look only at the gift and say, well, this is about $200,000? This gentleman is going to claim $200,000 tax benefit.

Now, they have the right to do that under your present rules; haven’t they?

Mr. HUGHES. They have the right—the curator and Department head and museum director. Also, in addition they have the right——

Mr. YATES. It is not the museum director. It is the department head.

Mr. HUGHES. I would have some confidence he would be involved in the kind of case you are talking about because of the provisions of accession policy which have to do with the circumstance under which you take gifts.

I would need to read them and look at them. But I think that in virtually any set of circumstances like you describe, where the value is high or where there are questions about the individual, and I think curators tend to know who questionable individuals are, the questions would be passed on up the line.

Mr. YATES. To you?

Mr. HUGHES. I think—yes.

Mr. YATES. How much up the line?

Mr. HUGHES. Perhaps to the department head or the museum di-
rector.
Mr. Yates. Why don't you put that in your guidelines then?
Mr. Hughes. We could certainly put general requirements, and there are general requirements for unusual circumstances in the guidelines.

The question is how rigid should they be and how universal.
Mr. Yates. Let me read to you before we turn to the department head, 'collections' management policy'. I don't know whether this is draft——
Mr. Hughes. That is in effect. If it is part of the package we gave you, then it is in effect.

Mr. Yates. Page 3 of what you gave us, "written reports and approval levels governing acquisitions." A written report will be required for all department acquisitions, for procedures involving exchanges, please see section 4 below.

In the case of purchases, the report will address why the specimens are needed for the collections and the value expected to be paid for each specimen. In the case of donations, the report should address the need for the specimen and if the item's value exceeds $1,000, whether the appraisal appears to fall within reasonable limits.

Acquisitions having a total value of more than $7,500 will require approval from the director of the Museum of National History. It is the responsibility of the Director to refer to the Assistant Secretary for Science any proposed acquisitions which in his or her judgment needs additional review because of the unusual circumstances. An independent appraisal may be required.

So that you are tightening up. You were right.
Mr. Hughes. Thank you, sir.
Mr. Yates. Well, no, you know. I am just saying this on our behalf for the Director of the Department. You heard me. Mr. Fudali?
Mr. Fudali. Yes, sir.

APPLEMAN'S FINANCIAL DISCLOSURE STATEMENTS

Mr. Yates. All right. Have we gone into this enough? I want to find out about the conflict of interest statements. Mr. Appleman, with respect to your conflict of interest statements that you filed with Mr. Powers' office, they were always completed.

Yours were never questioned by any of the lawyers, were they?
Mr. Appleman. No, sir.

Mr. Yates. Were you aware that questions were being raised, regarding Mr. Desautels' conflict of interest statement?
Mr. Appleman. Was I personally aware? No.

REVIEW OF FINANCIAL DISCLOSURE STATEMENTS

Mr. Yates. All right. I think I can excuse you now. Thank you very much for your testimony. I appreciate it. May we have Mr. Ullberg as a witness?
Good morning, Mr. Ullberg.
Mr. Ullberg. Good morning, Mr. Chairman.
Mr. Yates. Mr. Ullberg, when I asked Dr. Ripley about the conflict of interest statements of those less than the highest level personnel whose statements are reviewed by the Personnel Committee of the Regents, I was told by Secretary Ripley that he had delegated that responsibility to Mr. Powers, and when I asked Mr. Powers about this, he said he had delegated this to you.
You haven’t delegated it to anybody else down the line, have you?

Mr. Ullberg. No. That is correct.  
Mr. Yates. All right.

Mr. Ullberg. Not for the period that you are interested in. There have been additional personnel assigned to this function recently.

Mr. Yates. How recently?

Mr. Ullberg. Within—well, within the last year.

Mr. Yates. How many conflict of interest statements does your office review, or does Mr. Powers’ office review?

Mr. Ullberg. About 350 each year.

Mr. Yates. How much of a review do you make of them? Do you review them personally?

Mr. Ullberg. Yes.

DESAUTEELS’ FINANCIAL DISCLOSURE STATEMENTS

Mr. Yates. You do? All right. Did you review Mr. Desautels’ conflict of interest statement for 1981?

Mr. Ullberg. Mr. Desautels did not file a statement for 1981.

Mr. Yates. Why did he not?

Mr. Ullberg. He contested the necessity for him to file for 1981. We wrote several memos back and forth and then he was retired before he filed.

Mr. Yates. According to the press, Mr. Desautels said that if he had been asked to file a conflict of interest statement, he would have filed one. That is not true, then?

Mr. Ullberg. I recollect correctly, that he had filed in 1979 for 1978, and in 1980 for 1979. You see, you file a year later.

Approximately, three to six months after the close of the calendar year, you file for the prior calendar year, like an income tax return.

Mr. Yates. Right.

Mr. Ullberg. And he did file for 1978, for 1979 and 1980, and did not file for 1981.

Mr. Yates. Was he asked to file one for 1981?

Mr. Ullberg. Yes, he was. He was asked in writing, twice.

Mr. Yates. You say there was an exchange of memoranda. Did he write back and say he would not do so?

Mr. Ullberg. He wrote back and said that it was unnecessary for him to file because he had been relieved of his responsibilities with respect to curator, the head curatorship of the Department.

Mr. Yates. Well, is this a wrong interpretation by the press, the Post on Sunday, March 22, when they say that “Alan Ullberg, a Smithsonian Associate General Counsel, says Desautels’ forms were reviewed, but not formally approved or disapproved. The responsibility, says Ullberg, is on the individual employee to come and talk to me if he thinks he has a problem.” Is that a correct quote?

Mr. Ullberg. That is a correct quote as far as it goes, but it represents the beginning and the end of a rather extended discussion that Mr. Gup and I had in my office on the point about whether or not the failure of the ethics counselor of the Smithsonian to con-
tact an employee and tell him to stop something somehow constituted tacit approval of the activity, such that it was considered to be all right for the employee to continue the activity.

The conclusion was correct, the conclusion of that discussion was, in my opinion, that the responsibility is on the individual employee to come and talk to the ethics counselor before he does something, rather than just put it on the form and hope he gets by with it.

That has been the policy of the Institution since 1968. It is in the conflict of interest policy of the standards of conduct, and it is at the end of the conflict of interest form which, with your indulgence, I would like to read.

Mr. Yates. You may.

Mr. Ullberg. The end of the Smithsonian conflict of interest form just above the place where the employee signs, has the following statement, "I have read and understand the statement of my obligations as a Smithsonian Institution employee as explained on this form. I also am aware of my obligation to discuss all conflicts of interest, real or apparent, with the Smithsonian Ethics Counselor and to seek the advice of that officer before engaging in any transaction which does or might present such a conflict, and to furnish the Ethics Counselor with whatever additional information about the items reported he may need for his review and evaluation of the information on this form."

Now that was the statement on the form which Mr. Desautels signed for 1978, 1979 and 1980.

Mr. Yates. For 1980?

Mr. Ullberg. For 1980, which he submitted in the summer of 1981. That was the last form he filed.

Mr. Yates. He refused to file one for 1981?

Mr. Ullberg. That is right.

Mr. Yates. When Mr. Desautels refused to file one for 1981, did you tell Mr. Powers about this?

Mr. Ullberg. Yes, I did tell Mr. Powers about it. I also told another attorney in our office who has been assisting me with these functions, and whereupon, since Mr. Desautels was moving fast and hard to catch up with, we wrote him a memo.

Mr. Yates. What does that mean, moving fast and hard to catch up with? You mean he wasn't in the office?

Mr. Ullberg. Frequently he was not in the office. It had not been his habit to return my telephone calls. So I wrote him a memo. He answered it. I wrote him another memo. He answered that.

Mr. Yates. Saying he would not file?

Mr. Ullberg. Saying he did not need to file. He did not actually refuse to file. He said he did not need to file because his responsibilities were such that everything he did over there was reviewed by Mr. White and the departmental chairman, and, therefore, he did not have the kind of responsibility which required the filing of a statement according to the Smithsonian Institution guidelines for who must file.

Mr. Yates. Mr. Powers knew about this?

Mr. Ullberg. Yes.

Mr. Yates. What did Mr. Powers tell you to do?
Mr. Ullberg. He told me to demand that he file, which I did, by writing him the memo.

Mr. Yates. All right. He still refused?

Mr. Ullberg. He still refused. I think I wrote the first memo, I have copies of them here, in about——

Mr. Yates. Do you want to put them in the record or not, as you prefer? If they are confidential, relating to a conflict of interest, perhaps they ought not go in the record.

Mr. Ullberg. I think that in view of everything else going on, I think perhaps they should not.

Mr. Yates. Okay.

Mr. Ullberg. It was approximately a six-week period when we were writing back and forth to each other. Then he retired in mid-August. That was the end of that.

Mr. Yates. Is Mr. Desautels the only Smithsonian employees who has refused to file a conflict of interest statement?

Mr. Ullberg. Over the years there have been some individuals who have not filed. There was one individual who refused to file. He outright refused to file and he resigned, because it is a condition of one's employment, that if you are in a particular category, you must file. In order to continue to hold your job, you have to file.

CONFLICTS OF INTEREST

Mr. Yates. Have there been instances of employees who were in conflict of interest?

Mr. Ullberg. Very, very few over the years.

Mr. Yates. Have they been corrected?

Mr. Ullberg. They have been corrected, yes.

Mr. Yates. You followed up?

Mr. Ullberg. Yes, I have followed up. Most of the information that is on individuals' forms is merely—can be checked by just a brief inquiry of the individual.

Mr. Yates. I have a different impression today than I had at the last hearing, and from the newspaper as to what your office does. Prior to your testimony this morning, I had the impression that, frankly, your office really didn't do very much with the conflict of interest statements, as Mr. Powers said last time, you don't have a F.B.I.

Therefore, you cannot investigate, which gave me the impression that you don't investigate and you don't follow up and you don't check up. But what you are saying this morning is that you have done that.

Mr. Ullberg. Yes, we have.

Mr. Yates. That you do review them and that you do sign them and that you do sign the appropriate space that says you have reviewed the conflict of interest statement.

Mr. Ullberg. That is correct.

Mr. Yates. And that you think it is in order.

Mr. Ullberg. That is correct, when it is in order.

Mr. Yates. Yes, when it is in order.

All right. I think we will go to lunch at this point and come back at 1:30.
PURPOSE OF THE CHARITABLE TRUST

Mr. Reporter, show the hearing as coming to order.

We have finished what I thought was the testimony on the Trust, and then over the luncheon period I began thinking why in the world would you enter into a Trust like this? Why would the Smithsonian, which could receive gifts directly with the same tax benefits to the donor, be willing to enter into this kind of a Trust? I don't know the answer to that.

Peter, do you know the answer to that?

Mr. Powers. I can give you one bit more of information, that in the years 1976 and 1977, before the formation of the Research Charitable Trust, Mr. Yampol had made several very substantial gifts, on the order of $100,000 or $200,000——

Mr. Yates. To the Smithsonian directly?

Mr. Powers. Yes. Therefore he had established his credibility as a donor and someone who was willing to help us.

Mr. Yates. All right. Fine. Why did he say he wanted the Trust? Who talked to Mr. Yampol?

Mr. Hughes. Mr. Desautels I think——

Mr. Yates. Talked to Mr. Yampol. But he wasn't the only one because he took the proposition to the lawyers' office, didn't he?

Mr. Powers. Yes, but in the form of the proposed agreement and articles of—I think they incorporated themselves. And we reviewed only the documents——

Mr. Yates. They incorporated themselves. Does this mean Yampol? He was the Graphic Scanning Company originally, which is a company?

Mr. Powers. That is right.

Mr. Yates. Who incorporated himself?

Mr. Powers. The Research Charitable Trust incorporated itself with its lawyers.

Mr. Yates. Who brought it to you? Dr. Challinor?

Mr. Powers. Yes, basically.

Mr. Yates. David, what did they tell you? What did Desautels tell you why he needed the Trust?

Mr. Challinor. Because this was a—shall I come up here, Mr. Chairman?

Mr. Yates. Sure. Take Mr. Boland's place.

Mr. Challinor. This was perceived by Mr. Desautels as a good deal for the Smithsonian. We would get the computer which would be a good research tool for the department. As a beneficial trust for the Smithsonian, we anticipated getting more gems and minerals.

Mr. Yates. You asked Mr. Desautels the question I assume, why couldn't he just give them directly to the Smithsonian?

Mr. Challinor. The answer to that as nearly as I can recall, that is the way Mr. Yampol wants to do it.

Mr. Yates. Yes. But Mr. Yampol had given gifts directly to the Smithsonian, according to Mr. Powers, and had established his credibility. All of a sudden he wants the Trust. And the Smithsonian listens to Mr. Desautels tell Mr. Challinor that Mr. Yampol does not want to give gifts directly any more to the Smithsonian, he wants to establish a Trust; and if the Smithsonian agrees to that
Trust, the Smithsonian will receive a computer. What else would the Smithsonian receive? What other goodies?

Mr. Powers. There was talk of not only the cash, which was transferred to the Trust, but other good things. As I recall, the cost of the employee who was going to use the computer; oddly enough, it was to do an inventory of gems and minerals, and so forth, to get current on inventory. And there were general promises of future good things.

Mr. Yates. Is that in the Trust instrument itself?
Mr. Powers. No.
Mr. Yates. Or is this outside?
Mr. Powers. This was what was represented at the time.
Mr. Yates. Future good things.
Mr. Powers. Yes.
Mr. Yates. Like gems and so forth?
Mr. Powers. At the time there was talk mostly about the computer. The gems idea really came along later. My office was a little surprised when that began to develop. In fact, I have to say that we were very dubious about the arrangement at the time.
Mr. Yates. Why did you consent to it?
Mr. Powers. Because there was nothing illegal about it and the donor—I think he wanted to be involved. I think he wanted to be in the direct sort of line of selecting things, as I think Mr. Hughes suggested this morning. He wanted to be involved much more directly in these gem and mineral matters. I mean I think they were good reasons, as well as perhaps other reasons that developed.

Mr. Yates. You mean he wanted to—
Mr. Powers. He wanted to participate.
Mr. Yates. Why did he want to participate? Why is that advantageous to him? He is building his own collection at this time, is he not, according to those articles?
Mr. Hughes. I don’t know.
Mr. Yates. He is a gem collector.
Mr. Powers. I gather that. I don’t know but I gather that.

ADVANTAGES ACCRUED TO YAMPOL

Mr. Yates. But the newspaper articles indicate he has a very, very good gem collection in his own right. And then what is the advantage to him in setting up the Trust? The only advantage the testimony shows so far, that the Smithsonian is to receive is the computer, some cash—how much? $135,000, was it, in stock? Or is that a different transaction?

Mr. Powers. I think that was part of the same transaction.
Mr. Yates. Were there any gems given?
Mr. Powers. Not at the time, no.
Mr. Yates. But there were promises of goodies to come?
Mr. Powers. General assurances of a great deal of support that would come from this.
Mr. Yates. That is right.
Mr. Powers. Now, I think, as I said before——
Mr. Yates. But why do you do it? You couldn’t get him to do it without that?
Mr. Powers. No. And I think he felt he could be more directly involved, and perhaps may have felt, as we speculated before, that it would be an easier vehicle for him to manage and deal with than trying to deal with the whole museum and its bureaucracy or whatever.

Mr. Yates. Why does he have to worry about a vehicle easier for him to deal with when he is giving you these things anyway? How does that bear on them?

Mr. Hughes. He didn't give them to us.

Mr. Yates. Well, I know. We are talking now at the time of entering into the Trust. At that point, we are trying to find out why Yampol did it. He controls the Trust obviously. He has three people on it. But what is the advantage to him?

Mr. Hughes. It gives him more control is the advantage. He has less need.

Mr. Yates. But he doesn't—

Mr. Hughes. No, but he did indeed. He gave things to the Trust which never came to us. But giving them to the Trust was, in effect, a—

Mr. Yates. Deduction.

Mr. Hughes. Yes, but it also was an earnest, of some sort, evidence that he is ultimately going to see to it that the Trust gives it to us. He did quite a bit of that, it appears to me.

Mr. Yates. How much did he do?

Mr. Hughes. Well, gems and the computer itself.

Mr. Yates. So far only cash and computer.

Mr. Hughes. The computer only went to the Trust. It never came to us. The cash did come through to us.

Mr. Powers. The earlier gift of cash did, yes.

Mr. Yates. What do you mean by earlier—

Mr. Powers. Prior to the formation of the Trust.

TRUST PROPERTY

Mr. Yates. When the Trust was organized, what went into the Trust?

Mr. Powers. As I understand it, as I recall it the computer and some thousands of shares of stock which were I think—

Mr. Yates. Is Mr. Appleman still here? Do you remember what went into the Trust?

Mr. Appleman. Yes, Mr. Chairman, I think I can say more or less. Beside the computer and the shares of stock, there were a number of large mineral specimens that came into the Trust subsequent to the formation of the Trust. Most notable among those was the very large rubellite which became a centerpiece in our Gem Hall and was exhibited for several years.

Mr. Yates. Was that the property of the Trust?

Mr. Appleman. Yes.

Mr. Yates. Or the Smithsonian?

Mr. Appleman. Of the Trust.

BENEFITS OF THE TRUST

Mr. Yates. What came through the Trust to the Smithsonian, anything?
Mr. Appleman. Aside from some minor gifts of money for specific purposes, for example, to upgrade the display and storage facilities in the Blue Room, in the high value mineral area, he gave us money for that to install lighting, to improve access, and so on. That was the main other thing that was given.

Mr. Yates. There were no gems that came through to the Trust then?

Mr. Appleman. No, they remained in the Trust.

MEETINGS OF THE BOARD

Mr. Yates. You were on the board, and you met with them once a year, you said.

Mr. Appleman. About once a year as I recall.

Mr. Yates. Once or twice a year perhaps. What took place at those meetings? Were you unhappy with the discussions? Did you ask them, when are you going to make these available to the Smithsonian?

Mr. Appleman. Yes.

Mr. Yates. Were you in a meeting at which it was discussed that the gems were to go not to the Smithsonian but to the Paris museum?

Mr. Appleman. Yes, toward the end of our association with the Trust those things were discussed very earnestly, yes.

Mr. Yates. By you and by Mr. Desautels?

Mr. Appleman. Yes.

Mr. Yates. They overruled you on these because they had three to your two?

Mr. Appleman. Yes, essentially that was the case. They could simply do their will. We did not at that point put the matter to any sort of a vote. We had only just found out about them. At the last trustees meeting I believe we found out about these things, the Smithsonian had very wisely in my opinion requested that we have one of our legal staff present at the trustees meeting, because it became obvious that things were going on that Paul and I were not competent to deal with, legal matters.

Mr. Yates. What time is this?

Mr. Appleman. The last meeting of the trustees, which must have been in 1981. And it would have been, the Trust was dissolved in September, so it would have been in June of 1981. It was mid-1981.

Mr. Yates. Did you have a lawyer with you when you went to the next meeting?

Mr. Appleman. No. At that point there was a total breakdown. That is the first time I saw them say flat out that they controlled this thing and that they would just simply go and have their trustees meeting elsewhere if we didn’t like it. They flatly refused to have our lawyer attend. The relationship deteriorated to a shouting match, and the meeting was terminated. That led directly within the next few days to the termination of our participation in the Trust.
TERMINATION OF THE TRUST

Mr. Yates. How was it terminated—you are saying the Smithsonian never got anything out of the Trust at all?

Mr. Appleman. No, we got—

Mr. Yates. The article points out what the division was. What happened after that? You decided to terminate the Trust and then to divide whatever the assets of the Trust were. Is the newspaper article wrong in that respect?

Mr. Powers. I don’t recall what it says.

Mr. Yates. Let us see what it says. All right.

Smithsonian lawyers questioned who controlled the Trust. Yampol and two of his communications firm board members occupy three of the five seats on the Trust Board of Directors. In addition the Smithsonian had questions about why specimens were lent to a Paris museum. On September 9, 1981, the Trust voted to name additional museums as beneficiaries. The next day the Smithsonian notified Yampol it was ending its relationship with the Trust and told the IRS of its action. Over the next several months lawyers for both the Smithsonian and Yampol arranged a divorce.

Were you the lawyer for the divorce, for the separation?

Mr. Powers. I don’t normally do domestic relations, but yes.

Mr. Yates. According to the Smithsonian Trust records, the Smithsonian kept everything donated directly to the museum. Nothing was—

Mr. Powers. Those were the things donated prior I think is what that means.

Mr. Yates. Did not come through the Trust?

Mr. Powers. No.

Mr. Yates. Nothing came through the Trust of the Smithsonian?

Mr. Appleman. To the best of my knowledge none of the things that went through the Trust ended up in our collections.

Mr. Yates. The Smithsonian kept an estimated $2.5 million worth of specimens. Did Yampol give you $2.5 million worth of specimens?

Mr. Appleman. They were specimens either donated directly by Mr. Yampol and his associates, or in which he had arranged through other associates to have them donated by other people.

Mr. Yates. Worth $2.5 million? These were all gems?

Mr. Appleman. Mostly high value mineral specimens. Some gems.

Mr. Yates. As well as more than $300,000 in endowment funds. He had given you over $300,000 before that time?

Mr. Appleman. Yes. That was not part of the Trust. That had never come through the Trust. That was prior to the—

Mr. Yates. Prior. The Smithsonian returned everything else, an estimated $1.8 million worth of cash, stock, and specimens donated to the Trust. $1.3 million worth of other specimens.

Why did you give them other specimens?

Mr. Powers. I am not sure what you are saying.

Mr. Yates. Here, there are the terms of the divorce.

Mr. Powers. Yes.
Mr. Yates. I read you what the Smithsonian kept. Now, the Smithsonian is returning to Yampol, according to this article, everything else; an estimated $1.8 million worth of cash, stock, and specimens donated to the Trust.

Mr. Appleman. That is right. Yes, these were the items that were in the Trust, had been donated to the Trust, had remained in the Trust, had never been turned over by the Trust to the Smithsonian.

Mr. Yates. Okay. And those just remained in the Trust?

Mr. Powers. Some of them had been on loan to the Smithsonian and one was on exhibit.

Mr. Appleman. Yes, physically many were in the custody of the Smithsonian.

Mr. Yates. The loans were terminated at that point?

Mr. Powers. Yes.

Mr. Yates. $1.3 million worth of other specimens and stock acquired by the Trust, more than $330,000 of Trust, income and gains from the sale of stock. I don’t understand that. Had you sold stock that had been given you as a gift and returned the money?

Mr. Hughes. This is the Trust.

Mr. Appleman. The Trust had.

Mr. Yates. This is the Trust. You are not giving anything back then, the Smithsonian; you never received anything.

Mr. Appleman. That is right.

Mr. Hughes. We gave back the objects loaned.

Mr. Yates. That is all you gave back.

Mr. Hughes. That is correct.

Mr. Yates. You never got anything else. Insofar as this says you returned everything else, that is not entirely accurate?

Mr. Hughes. We did not contest anything else.

ADVANTAGES ACCRUED TO YAMPOL

Mr. Yates. All right.

Mr. Appleman, you were on the board. Could you determine through these meetings what advantages were accruing to Mr. Yampol? Why was he doing it? Would you speculate?

Mr. Appleman. I have some knowledge and I can speculate, as little as possible, I hope. First of all, Mr. Yampol clearly had a genuine interest in trying to help the Smithsonian. I think Mr. Desautels had convinced him that we had the greatest mineral museum exhibit in the world and that he would be—do more for mineralogy by focusing his efforts on our museum. He, I believe, has an avocation of mineralogy.

Mr. Yates. I am taking a call from the Ways and Means Committee lawyer to discuss why the Trust might have been created.

[Pause.]

Mr. Yates. Go ahead.

Mr. Appleman. So I think Mr. Yampol had a genuine interest as an avocation in mineralogy, and he wanted to pursue that, and he, as Mr. Powers said, wanted to feel that he was participating in these donations and exercising more control over them than if he just gave them outright. He expressed the fear that, if he just do-
nated specimens outright to the Smithsonian, he could not guarantee that some future curator would not in fact trade specimens off.

Mr. YATES. Even though there was a prohibition in a gift?

Mr. APPLEMAN. Actually, that question did not come up. I am not sure why. He said to us that he did not want to take chances on the whims of future curators in a hundred years or something of that sort. And he had various other reasons of that type, indicating that he wanted to participate more directly. That was certainly one category of reason.

Mr. YATES. Well, it is interesting to talk to the Committee on Ways and Means. They could not find any advantages to the donor other than seeking to maintain control over the Trust itself. I can see now how putting all these goodies into the Trust would serve to give him leverage over the Smithsonian.

Mr. APPLEMAN. That was one of the—

Mr. YATES. He controlled the Trust, if there were gems and he wanted to make certain deals to provide for other gems, the opportunity was afforded because, if the Smithsonian had lesser men than Sam Hughes, they might knuckle under and agree to his terms.

Mr. APPLEMAN. That is clearly the case.

Mr. YATES. That is clearly the case. Okay. All right. You wanted to say something else before I interrupted you.

Mr. APPLEMAN. Probably wasn’t terribly important.

Mr. YATES. Well, no, it probably was, because you were there.

Mr. APPLEMAN. Oh, yes. All right. One other factor that was specifically mentioned bearing on why he set up the Trust is that he felt that he knew more about managing money than anybody at the Smithsonian, or in fact I am sure he felt he knew more about it—

Mr. YATES. Well, that is probably true.

Mr. APPLEMAN. And therefore he felt that—therefore he felt, I must be honest. Therefore he felt that the Trust would benefit, the money he gave to the Smithsonian would grow, would be used more wisely because of his superb stewardship of the funds. I am sure he felt that he was the world’s best financial manipulator.

Mr. YATES. All right. This beautiful relationship—why did you have a shouting match then?

Mr. APPLEMAN. If I may quote from our director, Dr. Fiske.

Mr. YATES. Was he there, too?

Mr. APPLEMAN. Oh, yes, toward the end he was heavily involved.

He spent many long hours with Mr. Yampol.

Mr. YATES. Did he? Well, we hadn’t found out—

Mr. APPLEMAN. I can sum it up, our feeling.

Mr. YATES. Don’t sum it up yet.

Mr. APPLEMAN. I can try. Our feeling was that it became all too obvious that from our standpoint Mr. Yampol was trying to buy himself the privileges of being a curator and we simply couldn’t tolerate that. We were losing control over these things. And this became crystal clear when this group of donors that he had put together to give some very important objects to the Trust, to the Smithsonian through the Trust as he would have put it, in fact decided on advice of lawyers that they should, why couldn’t they just
give them directly to us because then there wouldn't be any ques-
tion.
And he had a fit. I mean a fit. And the strength of his reaction
was so out of proportion to the event that it made everyone think
that there must be financial advantages to him in this set-up that
we didn’t know about, and that therefore for this variety of good
and sufficient reasons we should get out of it. And we did.
Mr. Yates. Did you ever find out what the financial advantages
to him might be?
Mr. Appelman. No.
Mr. Yates. Or speculate on what they might be? What did you
learn, Dr. Fiske? I understand you may have had some conversa-
tions with Mr. Yampol.
Mr. Fiske. I had two conversations, as I recall, Mr. Chairman,
and Dr. Appelman has summed them up.
Mr. Yates. Were you there at the time of the shouting match?
Mr. Fiske. No, I was not. I had private meetings—
Mr. Yates. Mr. Appelman was your shouter then?
Mr. Fiske. That is right. I delegated that responsibility to Dr. Ap-
pleman. But I met twice with Mr. Yampol and at the end of the
second meeting it was very clear that he had already acquired a
curatorship in the Smithsonian.
Mr. Hughes. The lawyers were doing the shouting.
Mr. Fiske. To me and to us that was unacceptable. That really
sums up the whole story.
Mr. Yates. Is that why he wanted to keep everything in the
Trust, so that he would leverage the Smithsonian to permit him to
become the curator, as you point out?
Mr. Fiske. As Dr. Appleman points out, I share the feeling that
Mr. Yampol really did want to benefit the Smithsonian. But at the
same time, the same breath, I would say he wanted to be part of
that process and to exercise control over future curators. He actu-
ally verbalized that. That was not a speculation on Dr. Appleman’s
part. So he was very much wanting to be a part of it. And as a man
obviously very successful in his own endeavor I think we saw a
transferral of that very successful career in electronics into the
world of minerals and museums. He wanted to be a builder and
controller.

ASSETS OF THE TRUST

Mr. Yates. Perhaps that is right. Well, does the Trust instru-
ment itself say who was to retain control over the assets of the
Trust? Is it the board, the directors?
Mr. Powers. It is the board, yes.
Mr. Yates. The board. What happens to the assets themselves?
They belong to the Trust. Is there any third party beneficiary role
that the Smithsonian had there?
Mr. Powers. The Trust instrument recited that all the activities
of the Trust would be for the benefit of the Smithsonian. That was
the basis for the tax exemption.
Mr. Yates. At what point did they accrue to the advantage of the
Smithsonian?
Mr. Powers. It simply recited that.
BENEFITS OF THE TRUST

Mr. Yates. But at no point did the Smithsonian ever benefit from this thing.  
Mr. Powers. In the end I think that is fair to say.  
Mr. Yates. Nothing ever passed through, did it, except a few loans? Dr. Fiske?  
Mr. Fiske. Well, we had this magnificent specimen of rubellite on display.  
Mr. Yates. But that is on loan from the Trust?  
Mr. Fiske. It was on loan, but the Smithsonian benefited. Our visitors benefited from seeing this magnificent piece and indeed it was magnificent.  
Mr. Powers. And we had the use of the computer, which was there, although loaned by the Trust.  
Mr. Yates. Why didn’t you ask the committee for a computer?  
Mr. Powers. We had one.  
Mr. Yates. If you had one, why did you want another one?  
Mr. Powers. No, I mean we had this one.  
Mr. Yates. I see. So you prefer to be under the domination of Mr. Yampol rather than the committee?  
Mr. Hughes. The answer to that question is no, Mr. Chairman.  
Mr. Yates. Okay. When did you get into the act, Sam?  
Mr. Hughes. When the lawyers—  
Mr. Yates. Who came to see you?  
Mr. Hughes. I think it was Peter and some of his staff, and David Challinor. I can’t remember the full cast. I met with all of them at one time or another. And we were quite unanimously of the view that we ought to terminate the arrangement.  
Mr. Yates. This was after Mr. Powers had shouted at Mr. Yampol’s lawyer.  
Mr. Hughes. It wasn’t Mr. Powers. It was some of his staff.  
Mr. Yates. Mr. Ullberg shouted?  
Mr. Hughes. No.  
Mr. Yates. Who did the shouting?  
Mr. Powers. I don’t think any of my staff did any shouting, but there was one attorney which attempted to attend that last meeting. It was Mrs. Murphy.  
Mr. Yates. They didn’t permit her to attend?  
Mr. Powers. Apparently not.  
Mr. Hughes. I think there were various discussions with Mr. Yampol at various stages of the event. I had a rather prolonged phone call with him myself, and met his special counsel.  
Mr. Yates. Tell us about your phone call with him.  
Mr. Hughes. He simply wanted to continue the Trust.  
Mr. Yates. You said, give us the instruments?  
Mr. Hughes. No. I said we do not wish to continue the Trust.  
Mr. Yates. Did you tell him why?  
Mr. Hughes. Yes.  
Mr. Yates. What did you tell him?  
Mr. Hughes. I told him the same thing I have told you.  
Mr. Yates. What was that, Sam?  
Mr. Hughes. I told you that it had the appearance of an improper arrangement the way it was being used, and the potentiality for
that whether it actually occurred or not, and we did not wish to be a part of it.
Mr. Yates. Okay. He resented that?
Mr. Hughes. He seemed to, yes.
Mr. Yates. He did. Did he offer to change his ways?
Mr. Hughes. He offered, yes. I would say he made general offers to modify the terms of the Trust. And we explored, as I recall it, various possibilities.
Mr. Yates. We meaning you and Mr. Powers?
Mr. Hughes. Mr. Powers, David Challinor, others in the organization, we explored with various of his lawyers possible arrangements, none of which seemed to us feasible from our standpoint.

TERMINATION OF THE TRUST

Mr. Yates. When did you decide upon a division of the Trust properties?
Mr. Hughes. I can’t recall the date exactly. It would have been in 1981. It followed the notification to the Trust itself, and to the Internal Revenue Service that we were severing our relationship with the Trust. It would have been in September, October, November, something like that, of 1981. And the division was worked out primarily with his—I guess the title was special counsel, who was Ted Sorenson.

GEM DONATIONS

Mr. Yates. Dr. Appleman, I read from The Washington Post article. It says:

On Dec. 15, 1980, Yampol’s tax lawyer, Alvin Martin, and two of his tax clients, Michael Fourticq and another investor, donated a 17,685 carat blue topaz to the trust, according to trust documents. Martin says he purchased the topaz from Gemini. He estimates that the gift was deducted at about three times what was paid for it.

Trust documents record the stone’s value at $566,000.
“I did a fair mount of research before I got involved as a donor,” says Martin. “I wanted to make sure my legal theory was not incorrect . . . I would not be associated with anything that I thought was not supported by case law.”

Martin discussed several advisory opinions, and cases he relied on before using the tax shelter. According to Martin, everything he did is perfectly legal and proper. He says the topaz was purchased at a discount and appraised by an independent appraiser whom he declined to name. He would not discuss specifically what was paid for the stone, or the deduction taken.

Says Michael Fourticq, “This is strictly an investment we made. . . . We are not looking for any notoriety as being great benefactors of this thing.”

Edusco and the Blue Topaz

Ed Swoboda, a California collector, says he sold a 7,033 carat blue topaz to Yampol or Gemini for an estimated $115,000.

Desautels, as consultant to Gemini, says he suggested that Yampol buy the stone and negotiated its purchase.

The stone then went to Edusco Investment Company, a New Jersey partnership made up of James F. Cleary, John L. Kelsey, John E. Stoddard, and Daniel D. McCarthy. Cleary, Kelsey and McCarthy are directors of Blythe Eastman Paine Webber. Stoddard is with another firm.

The investment, they say, has nothing to do with Blythe Eastman Paine Webber or the other firm.

They will not say how much they paid for the topaz of what deduction was taken when it was donated to the Smithsonian.

The stone was recorded in trust documents at a value of $703,300.
I assume that was the amount taken. Does the Smithsonian have any compunctions about receiving gifts that are so obviously intended for tax shelters? Or do you consider that not to be your concern? This was obviously considered for tax shelter, wasn't it?

Mr. Appleman. It was, apparently, as the record reflects there, yes.

Mr. Yates. That is right. And I suspect, I suppose curators and people around museums do have a predatory feeling that they ought to improve their collections, and the best way to do it is really to do it under almost any circumstance. But here you have a stone that has a price of $115,000 and then it is given to you and the value claimed of $703,000. The article doesn't say how long it took for that to happen, but apparently it was held for the necessary time period.

Mr. Powers. Mr. Yates?
Mr. Yates. Yes, Mr. Powers?
Mr. Powers. I think those gems, if I am not mistaken, were never received by the Smithsonian but were donated to the Trust. But something has emerged from these articles which I would like to correct at least from the point of view of my office and other related people, that we are far from indifferent to the tax consequences of donations when we know them. On repeated occasions over the years we have dealt with donors at the time of negotiation, at the time when they have not yet made the gift. And we explain to them, not only for our interest but their interest and the IRS's interest, the system which is in place for review of donations.

I think that it emerges from these articles and from what has happened at the IRS that most of these donors have done themselves no favor at all. They virtually all of them now have audits and lawsuits. Indeed there was one man caught up in that who hadn't even taken a tax deduction and was audited. We on numerous occasions have advised donors how to get a good audit, I mean how to get a good appraisal, the sorts of places that you can go, and how to avoid an audit by being straightforward about it, and that over a certain value, they were almost certain to have at least a check-up, if not an audit. So I think we have done what we can, without making appraisals, in many, many cases, to advise donors about this problem and to advise them to play it straight, as it were, and not push the system.

Mr. Yates. Under the new rules, yes, if it exceeds $1,000 then you have to appraise it. Acquisition, this is your new rules. Acquisitions having a total value of more than $7,500 will require approval from Dr. Fiske. Well, is that what that means? Here is what you say. In the case of donations, the report—written reports and approvals governing acquisitions. A written report will be required for all department acquisitions.

Okay. For procedures involving exchanges, please see—in case of purchases, the report will address why the specimens are needed for the collections and the value expected to be paid for each specimen. In the case of donations the report should address the need for the specimen and if the item's value exceeds $1,000, whether the appraisal appears to fall within reasonable limits.
Now, so you are going to require an appraisal, if I understand this rule correctly, you are going to require an appraisal to accompany any gift—

Mr. Hughes. Appraisal by someone else.
Mr. Yates. Yes.
Mr. Hughes. Yes.
Mr. Yates. By a reputable outside appraiser.
Mr. Hughes. Yes.
Mr. Yates. For any gift that exceeds $1,000?
Mr. Hughes. Yes.
Mr. Yates. Is this only in mineralogy?
Mr. Hughes. Yes, this is a mineralogy policy that you are reading from.

**DONATIONS OF PAINTINGS**

Mr. Yates. What about donations of paintings?
Mr. Hughes. There are not the same requirements. There are similar but not the same requirements. And there are, as far as I recall, John, not the same requirement for an independent appraisal.

Mr. Reinhardt. Not the same requirement for an independent appraisal. However, any acquisition of a painting in any of the museums must pass through the same general pattern that is there.

Mr. Yates. What does that mean?
Mr. Reinhardt. The registrar of the museum, an acquisitions committee of the museum, an acquisitions committee of the commission or board which controls the museum, the director of the museum and the commission of the museum.

Mr. Yates. Is this true without reference to the value of the acquisition?
Mr. Reinhardt. In general, the pattern is above $1,000.
Mr. Yates. Above $1,000. How do you know whether it is above $1,000?
Mr. Reinhardt. The curators of the museum would have some general idea of the worth. Even without an independent appraisal, they would have some general idea of the worth of the piece they are receiving.

**DONATION OF A TOPAZ CRYSTAL**

Mr. Yates. What is a topaz, a gem or a mineral?
Mr. White. It is both. It is a gem when it is cut.
Mr. Yates. Mineral when it starts out in rough form?
Mr. White. It is always a mineral.
Mr. Yates. Not always a gem, though?
Mr. White. That is right.
Mr. Yates. You are looking for gems?
Mr. White. No, we are looking for both.
Mr. Yates. Okay. Here is the story again of Dr. Dubin, Florida plastic surgeon, bought a 13½ pound topaz crystal for $750 in 1972. In 1978 he had the topaz appraised at $846,000. A year later at $1,057,000, more than a thousand times his purchase price. Over the next years, Dubin gave nearly two-thirds of the stone to the Smithsonian Institution's Museum of Natural History claiming the
value of the stones when he deducted them from his Federal income tax.

You have now got that—what have you got, two-thirds of the stone?

Mr. White. Yes, sir.
Mr. Yates. What happens to the other third?
Mr. White. Well, we anticipated that the rest would be donated, part of it last year and the balance in the next few years. But in view of the fact Dr. Dubin is in litigation at this time he is reluctant to donate any of the balance.

Mr. Yates. Suppose he wanted to donate it to the Paris museum, what would you do?

Mr. White. We didn't anticipate that eventuality. I don't know.
Mr. Yates. You didn't follow these rules, then, did you? These rules were not in effect when you accepted Dr. Dubin's gift?
Mr. White. That is correct.
Mr. Yates. Did you know how much he appraised it for?
Mr. White. No, sir, I didn't accept the first portion of it.
Mr. Yates. I talk to the Ways and Means Committee, and they say they are now undertaking a committee investigation into the question of foundations and, I assume, gifts and appraisals. It is a troublesome area.

INTERNAL AUDITS

Have we covered everything? Consulting services at the Smithsonian. Did you find fault with the Smithsonian in any of these audits?

Mr. Peratino. Somewhat, yes, sir.
Mr. Yates. A smile. Nothing serious?
Mr. Peratino. Nothing serious.
Mr. Yates. Have all the questions that concerned you been corrected by the Smithsonian?

Mr. Peratino. Most of them. We follow-up on all of our recommendations to see that they are implemented, and we issue what we call follow-up reports on the status of the implementation of the recommendations. As you can see they are listed there.

Mr. Yates. Yes, and you testified about those, that you had spot checks, and the spot checks showed——

Mr. Peratino. That is the collections, yes.
Mr. Yates. Mr. Peratino, you audited the 1972–1982 gems collection. Are you satisfied that the gems and mineralogy collection is pretty much under control?

Mr. Peratino. At the present time? I think the policies and procedures are adequate now, and I think the security is also because, as I said, that was also reviewed by our Security Services Division, and that is being upgraded, also.

Mr. Yates. Did you audit the security services?
Mr. Peratino. Have I audited that division? Not as yet.
Mr. Yates. Shouldn't you?
Mr. Peratino. Yes.
Mr. Yates. To see how well they work?
Mr. Peratino. Definitely yes.
Mr. Yates. I don't mean to add to your work, but I would think you would want to find out how good that division is.

Mr. Peratino. You helped set up my audit plan for next year this morning with some of those areas you gave me. I assure you they will be looked at next year.

Mr. Yates. You occupy the role of an IG, then, don't you?

Mr. Peratino. Yes, sir.

**DIVISION OF PERFORMING ARTS**

Mr. Yates. All right. Thank you, Mr. Peratino. And I think we have just about gone through all this. Now, let us talk about performing arts and the Smithsonian.

You have had a reorganization in that respect?

Mr. Hughes. Yes.

Mr. Yates. Why did you have that reorganization?

Mr. Hughes. More than one reason, but essentially we were all concerned—the Regents, the Secretary, the rest of us—about the difficulty that the division had in adhering to its budget plan. There was a rather substantial overrun in fiscal year 1982. That amounted to about a $2.5 million deficit vis-a-vis a planned deficit of about a half a million. I think the size of the deficit tended to bring matters to a head. In addition to managerial and budgetary considerations, however, there was a feeling that the performing arts activity could profit from being brought into closer association with other activities of the Institution. In the process of reorganization, we associated the federally funded activities of the division with the Museum of American History, where it seemed to us they were most appropriately located; and the trust funded activities with the resident associates program, a program which has been rather successfully carried out and tightly managed. That is where the situation is at the present time.

This was done not to substantially reorder or change the programs that were carried on by the Division of Performing Arts but to bring those programs under better administrative and budgetary control, and, again, to bring them into closer association with other Institution programs.

Mr. Yates. Let me read to you from *The New York Times* the article by Irvin Molotsky. It is entitled, "Smithsonian Musicians vs. Management." It says:

The Smithsonian Institution and the musicians in its performing arts program are involved in a disagreement over a proposed reorganization that sounds more like a labor-management dispute at a factory than a debate over the future of music at one of the country's most innovative and scholarly institutions.

The musicians say the plan splits the performing arts program's functions among several Smithsonian bodies.

How does it do that?

Mr. Hughes. I don't think it does.

Mr. Yates. All right.

Mr. Hughes. It divides it two ways disregarding the records for the moment. That is not several—two ways. Mr. Kennedy has the portions of the program that were federally supported and the Resident Associates have the rest. The programs can, and I guess are, being carried on frequently by similar persons but under different management auspices.
Mr. Yates. Why do you give portions of it to the Associates?

Mr. Hughes. Because the Associates carry on quite similar programs for the benefit of associates who are in the Washington area, and these performing arts programs seemed a logical addition to those programs.

Mr. Yates. How much of a budget do the Associates make available for this?

Mr. Hughes. Mr. Jameson, can you provide the trust part of the budget, and the Federal part I guess would be of interest, too.

Mr. Jameson. The Federal part is of the order of $400,000, the Federal base in the 1984 budget.

Mr. Yates. That doesn’t answer my question. May I invite your attention, Mr. Jameson, to page A-98 of your justifications, which has this chart showing the breakdown of the funding? In 1982, if I understand this correctly there was made available out of your trust funds the sum of $8,265,000.

Mr. Jameson. Mr. Chairman, these figures represent expenditures for this program, and that $8,265,000 figure includes roughly $2.5 million loss, the excess of expenditures over income for the Division of Performing——

Mr. Yates. The answer to my question is yes, you did make available the sum of $8 million.

Mr. Jameson. No. The Division of Performing Arts had a program of records and museum-related activities which produced income. They were an auxiliary activity earning income. It was not an allocation from the Institution, but they ran a program that produced income. From that income they met the costs of the program.

Mr. Yates. Of how much?

Mr. Jameson. Expenses amounted to the $8,265,000 figures. Income was $5,721,000 for a net loss of $2,544,000.

Mr. Yates. Why is there such a reduction $639,000 in 1983?

Mr. Jameson. This budget, Mr. Chairman, was prepared for the committee, prior to the reorganization Mr. Hughes has described. And faced with the very substantial loss in fiscal year 1982, we had a very rigorous budget exercise at the beginning of the year. This was a year ago now, at the beginning of the formulation of the 1983 trust fund budgets of the Institution. And the Division of Performing Arts was required to produce a budget of this magnitude approximately. In other words, we would not, could not afford again to allow the Division of Performing Arts to have a deficit of the size that they incurred in fiscal year 1982.

Mr. Yates. I think that is obvious, but this is quite a shrinkage, isn’t it? If you move from income of approximately $5,500,000 to $6 million down to $639,000—okay.

Mr. Jameson. I need to augment my answer.

Mr. Yates. Please augment.

MUSIC RECORDINGS PROGRAM

Mr. Jameson. The other thing that happened, as a part of the formulation of the 1983 budget was to reassign the responsibility for the record program which had been the big money loser in
fiscal year 1982 to the Smithsonian Institution Press, which has es-
entially and traditionally for many years been——
Mr. Yates. A big money maker.

TAXABLE INCOME

Mr. Jameson. It has in recent years been a money maker, yes,
sir. It has not always been a money maker but in recent years it
has indeed produced an excess of income.
Mr. Yates. Do you pay taxes on that?
Mr. Jameson. No, sir.
Mr. Yates. On the earnings of the Smithsonian Press?
Mr. Jameson. I am not the current expert on that. There are dis-
cussions underway with the Internal Revenue Service on unrelated
business income. Mr. Hohenlohe can elaborate on that.
Mr. Yates. Mr. Hohenlohe?
Has IRS wanted you to pay taxes on that?
Mr. Hohenlohe. Not on any of the activities of the Smithsonian
Press, Mr. Chairman.
Mr. Yates. Not on the Smithsonian Press?
Mr. Hohenlohe. Not on the Smithsonian Press, not on any of
our publications or on the recording program. The only question
currently before the Internal Revenue Service relates to the possi-
ble unrelatedness of certain merchandise sold in the museum
shops, a very small portion of the total sales of the shops.
Mr. Yates. Like kites, souvenirs?
Mr. Hohenlohe. Souvenirs, largely.
Mr. Yates. What about the Smithsonian magazine?
Mr. Hohenlohe. The Smithsonian magazine, under the current
regulations that IRS has in effect on cost allocation and unrelated
activities, there is no taxable income from the magazine.
Mr. Yates. So there is no tax advantage to the Smithsonian by
moving the losing performing arts program over to the——
Mr. Hohenlohe. None whatsoever, sir.
Mr. Yates [CONTINUING]. the Associates. That question isn’t in-
volved. Yes, but you haven’t addressed the question of the shrink-
age of the budget, you know. You moved from $6 million income,
apart from the loss, down to $693,000.
Mr. Jameson. Mr. Chairman, might I ask you to turn to page A-
104?
Mr. Yates. Sure you may. We will turn to page 104. All right.
Mr. Jameson. I had mentioned that as part of the process of con-
solidating under the Press responsibility for records as well as
books, responsibility for the budget also goes to the Press. And I
believe you see on page A-104 a substantial increase in the overall
Press operations which is reflective not only of general book activi-
ity, but also the record activity.
Mr. Yates. Approximately the difference, then.
Mr. Jameson. Yes, sir.

ACTIVITY LEVEL

Mr. Yates. What you are telling the committee is that your ac-
tivities will not have shrunk but will be approximately the same?
Mr. Jameson. Yes, sir.
Mr. Hughes. Except we do not contemplate the deficit of $2.5 million. It will shrink to that extent, particularly on the record side.

Mr. Yates. Now, Mr. Hughes was talking. I didn’t grasp everything he said.

Mr. Hughes. I am sorry. You summarized your discussion with Mr. Jameson, and your reference to these figures on A-104 by saying the program level would be the same.

Mr. Yates. And he said yes.

Mr. Hughes. Yes, and I dissented slightly by saying that it would be the same, but we could not countenance the $2.5 million deficit. I think I have said that correctly.

Mr. Yates. Might not that result from these activities?

Mr. Hughes. We don’t think so under what you could call new management.

Mr. Yates. Is it the new management to which the Smithsonian musicians object?

Mr. Hughes. I think, again, I have talked to some but not all the musicians. I think essentially they were apprehensive that the change in organization would have more effect on the musical program of the Institution than it has experienced thus far, or that it will have. They are concerned we were going to shut down some of the programs that they thought were very important. Again with due regard to the $2.5 million we are attempting to maintain——

ALBERT LETTER

Mr. Yates. All right. I have a letter dated March 7, 1983, from Mr. Stephen Albert of Newton, Massachusetts, saying:

“Dear Congressman Yates: The Smithsonian Institution’s Division for the Performing Arts and its attendant Music Recording Project is, for all practical purposes, threatened with near-extinction next year. This would include black studies, jazz, ethnomusic, classical and 20th century music as well as the Smithsonian’s theater programs, according to the information I’ve received. While the upper echelon at the Institution has, in part, denied these allegations, they have so severely curtailed the Division’s funding that the net result this year, alone, has been the paralysis and termination of many of its activities. As you can imagine, the atmosphere of uncertainty and apprehension about the Division’s future has forced many of the various programs’ most talented participants to make plans to go elsewhere next year.”

Did you want to comment, or shall I keep on reading?

Mr. Hughes. You may keep on reading if you wish.

Mr. Yates. I see Mr. Kennedy apparently is interested in replying. If you want to reply, fine. If not, I will read on.

Mr. Kennedy. I will be glad to reply now, sir, or at the end.

Mr. Yates. We will go paragraph by paragraph.

Mr. Kennedy. Sure. Shall we take it from the top?

Mr. Yates. Take it from the top.

Mr. Kennedy. The gentleman is misinformed in almost every regard that I could hear. Let’s take, for example, the program in black American culture to which he alludes. That program will be unaffected at worst, and improved substantially and enlarged at best. The persons who have been managing that enterprise, who
now report to the Museum of American History, I think I could say
to you are pleased with their circumstances there, and I think they
would say to the writer that they are.

The budgetary allocations we contemplate with regard to that
program actually will add some of the museums own resources to
that program, and we will increase I think substantially its visibility. We have been at some pains to develop, as you know, Mr.
Chairman, some new performing facilities, often with private
funds, in the place and physically outside the place into which this
kind of activity can go and be performed for somewhat larger
crowds free of charge.

So, so far as the dough to do the music with, a little more and
certainly no less for this function.

Mr. YATES. All right. Your expert answer makes me question Mr.
Hughes. I wonder why the whole program wasn’t shifted over to
your shop rather than splitting it? Is that a good question?

Mr. KENNEDY. It is a pretty—there is a pretty good answer to it
which either he or I——

Mr. HUGHES. Help yourself.

Mr. KENNEDY. There are at least two functions here. There may
be some I don’t understand, but there are a couple that are kind of
clear. One of them is the kind of enterprise where you charge ad-
mission, a performance, perhaps somewhat more scholarly in its
origins and better researched than the commercial performance
would be. What reaches the public is entertaining and beguiling.
Because it is a Smithsonian performance it ought to be grounded in
sound scholarship, and we think these programs will be.

Under those circumstances, it is appropriate that the Division of
Performing Arts, that aspect of it, go to the Associates which are
frequently in the business of charging admission for lectures and
the like. They can manage that kind of stuff. The primary function
of our activities is educational and in almost all instances are open
to the public without charge, though in some cases you have to
have a ticket process just to control the crowd.

But generally speaking, it is true that our business is providing
things for a larger public free. So I suppose it was just kind of a
prudent thing to hand to the ticket sellers the ticket selling proc-

SI PRESS

Mr. YATES. Will Smithsonian Associates take over the question of
recordings?

Mr. KENNEDY. No, sir. As Mr. Hughes has said, that goes to the
Press.

Mr. HUGHES. Press.

Mr. YATES. Why to Press?

Mr. HUGHES. The recordings process, once one has done the selec-
tion and so on, is heavily a distribution—fulfillment, that is the
trade word for it. How you handle the customers, how you adver-
tise the thing, how you get the orders in, and how you deliver on
the orders; those are tasks that are particularly troublesome to the
Division of Performing Arts. And they are tasks which our recent
experience with the press has indicated they perform very well. That is about why it was done.

Some of the personnel that were in the performing arts program have gone to the Press to assist on the art side, the music side of the thing with the selection of recordings, and so on, to do the Smithsonian kind of thing.

Mr. Yates. I won't read it. I will put the letter into the record. I won't read the full paragraph, but he does say this: "It is interesting to note that the performing and recording programs could be run for 2 percent of the proposed total building costs of the Quadrangle next year. But the Smithsonian collection and recording project, which for more than a decade has maintained a level of performing and engineering excellence unrivaled in the fields of jazz, ethnic and classical music has already been terminated."

Mr. Kennedy. That is—

Mr. Yates. Not true?

Mr. Kennedy. That is not true.

Mr. Yates. Okay. It will no longer produce new recordings, but will instead recycle old recordings newly packaged.

Mr. Kennedy. Excuse me, I may have misunderstood you. I responded to the termination of the performance aspects of the program. I have no personal knowledge of the content of the contemplated recording program.

[The letter of Mr. Albert follows:]
March 7, 1983

Honorable Sidney Yates
2234 Rayburn Building
Washington, D.C. 20515

Dear Congressman Yates:

The Smithsonian Institution's Division for the Performing Arts and its attendant Music Recording Project is, for all practical purposes, threatened with near-extinction next year. This would include black studies, jazz, ethnomusic, classical and 20th century music as well as the Smithsonian's theater programs, according to the information I've received. While the upper echelon at the Institution has, in part, denied these allegations, they have so severely curtailed the Division's funding that the net result this year, alone, has been the paralysis and termination of many of its activities. As you can imagine, the atmosphere of uncertainty and apprehension about the Division's future has forced many of the various programs' most talented participants to make plans to go elsewhere next year.

In their wisdom, the authorities in charge of the Institution, in formulating their priorities, have successfully lobbied for the funding of its $75 million Quadrangle - two museums that will house African and Far-Eastern art - while abandoning its American oriented Performing Arts programs. There does not seem to be sufficient appreciation for the fact that one preserves the visual arts by hanging paintings in museums while performances and recordings preserve the aural arts. It is interesting to note that the performing and recording programs could be run for 2% of the proposed total building costs of the Quadrangle next year. But the Smithsonian Collection Recording Project which, for more than a decade, has maintained a level of performing and engineering excellence unrivaled in the fields of jazz, ethnic and classical music has already been terminated. It will no longer produce new recordings but will, instead, recycle old recordings newly packaged.

I and many of my fellow composers have greatly benefitted from both the Institution's performing and recording programs. In particular, the 20th Century Consort has been in the forefront of discovering, performing and promoting new music by living American composers. A recent experience of mine might serve as an outstanding example of the important function of this performing ensemble. The Consort has played and recorded two works of mine within the past three years while in residence at the Smithsonian. The second of these two works was scheduled to be brought out on the Consort's IIIrd two record album as part of the Smithsonian Collection Project. The edited tape of this work was brought to the attention of Mstislav Rostropovich, the conductor of the National Symphony Orchestra. After hearing the piece, wonderfully performed and recorded I should point out, he commissioned a new Symphony from me for the NSO's 1984-85 season. In addition to its premiere at Kennedy Center in Washington, D.C., he also intends to take it on the NSO's world tour in 1985, thus affording a new American work
international exposure.

However, this IIInd volume of the Consort's will not appear on disk recording. Its funding has been cut despite the fact that my work and that of three other composers have already been performed, taped and tape-edited. The tremendous effort and dedication of everyone involved in these recording sessions will go neglected because the Institution's authorities will not grant the small additional funding necessary to finish the job. Not only that, the Government money already expended up to this point will have been wasted. I believe there are other Smithsonian releases, at the same stage of near-completion, that have also been similarly cut off arbitrarily.

I have had the good fortune of hearing my work performed by a number of groups dedicated to the concert music of 20th century composers as well as by the Philadelphia and Chicago Symphony Orchestras among other performing ensembles. No where has my music been better played than by the 20th Century Consort. It is the finest group of its kind in America today. No where has music by living American composers been better recorded than by the Smithsonian Recording production unit. Other composers have gone on to establish major reputations after performance by the Consort. Two composers, Joseph Schwantner and Richard Wernick, were awarded Pulitzer Prizes for music within one to two years of having their works recorded by the Smithsonian. No other new music group in this country has had the unique and vital linkage connecting quality performance in concerts with follow-up recording sessions of selected works from those concerts.

The disappearance of this program will diminish our era's musical legacy and could prove to be a very great loss to American culture. Much the same can be said for the other music sections of the Division of the Performing Arts at the Smithsonian Institution.

Most Sincerely,

Stephen Albert

56 Valentine St.
Newton, MA 02165
617-527-8743
TWENTIETH CENTURY CONSORT PROGRAM

Mr. Yates. It will recycle old recordings newly packaged but I remember—
Mr. Kennedy. There is a lot of that in the past, of course.
Mr. Yates. Of course. I remember some of the old shows. "OK."
Mr. Kennedy. It is exactly that archival function where you reanimate something nobody has heard in a long time and apply to it a scholarship which is the core of the work in the past anyway.
Mr. Yates. Mr. Albert goes on:

I and many of my fellow composers have greatly benefited from both the Institution’s performing and recording programs. In particular, the 20th Century Consort has been in the forefront of discovering, performing and promoting new music by living American composers. A recent experience of mine might serve as an outstanding example of the important function of this performing ensemble. The Consort has played and recorded two works of mine within the past three years while in residence at the Smithsonian. The second of these two works was scheduled to be brought out on the Consort’s IIIrd two record album as part of the Smithsonian Collection Project. The edited tape of this work was brought to the attention of Mstislav Rostropovich, the conductor of the National Symphony Orchestra. After hearing the piece, wonderfully performed and recorded I should point out, he commissioned a new Symphony from me for the NSO’s 1984-85 season. In addition to its premiere at Kennedy Center in Washington, D.C., he also intends to take it on the NSO’s world tour in 1985, thus affording a new American work international exposure.

I think that is a valid point. If I have heard criticism of the program, it is that you were recycling back and recycling some of the old composers rather than recording new American composers. You can hardly wait to answer my next question I see.

What is wrong with that criticism?
Mr. Kennedy. I think we should offer congratulations to such a successful composer.
Mr. Yates. Very good. However, this third volume of the Consort’s will not appear on disc recording. Its funding has been cut. Who doesn’t like his work in your shop, it suddenly occurs to me?
Mr. Hughes. I don’t know, Mr. Chairman. Do you have the Consort in your bailiwick?
Mr. Yates. Mr. Jameson has the Consort in his bailiwick.
Mr. Jameson. I will try to string along with the answers.
Mr. Yates. I am glad we are in harmony.
Mr. Jameson. Thank you, sir. I wouldn’t try to top that. The Resident Associates Program has a contract to continue the Twentieth Century Consort as part of its program.

Mr. Yates. Mr. Lerner wants to say something. He will defer to you for the moment.

Mr. Jameson. It is certainly possible that as part of the music programs that either Mr. Kennedy or Mrs. Solinger will be putting on, there could be prospects for recordings to come from those, scholarly, archival, perhaps even for sale purposes.

Mr. Hughes. There are, I would just point out, Mr. Chairman, financial aspects to do with this having to do with the size of audience for the Consort and consequently balance between income and expenses.

I mean it appeals to a very esoteric audience, as I understand it, a very enthusiastic audience, but very small.

Mr. Yates. Mr. Lerner?
Mr. Lerner. Yes. I can’t speak to the recording aspects of it. But I can tell you that recently at a meeting—

Mr. Yates. You better come up here if you want to say something because your voice doesn’t carry.

Mr. Lerner. I said that while I cannot refer to the recording of the Consort, I can tell you that within the past two or three weeks we had a meeting with the Consort in my office in which we discussed at least three concerts they would be giving this forthcoming year. They were very happy about it.

Mr. Yates. Okay. The Consort is not as dissatisfied as he would like us to believe.

Mr. Lerner. Not at all. They are quite happy.

Mr. Yates. Okay. Well, he said its funding, Consort’s has been cut despite the fact that might work and that of three other composers have already been performed, taped and tape edited.

The tremendous effort and dedication of every one involved in the recording sessions will go neglected because the Institution authorities will not grant the small funding necessary to finish the job.

Had you cut them on this?

Mr. Jameson. The Twentieth Century Consort was on a subscription series, tickets. It is my understanding that for the reason Mr. Hughes and perhaps others have mentioned, they were not sold out because of the highly specialized kind of music and the interest in it.

As part of the $2.5 million last year, there was some subsidy. I am cheered by what Mr. Lerner and what Mrs. Solinger have told me.

It seems to me they have struck a bargain that everybody seems happy with.

TWENTIETH CENTURY CONSORT LETTER

Mr. Yates. Mr. Albert’s letter may go into the record.

We have a letter from the Twentieth Century Consort addressed to my staff member, and why don’t they sign it? This is a copy.

In that letter which may go into the record, it is said,

Music critic Joseph McLellan of the Washington Post recently wrote the following commentary on developments at the Smithsonian Institution: Probably the most clearly endangered musical attraction at the Smithsonian, and one that most clearly deserves special efforts to preserve its life, is the Twentieth Century Consort. . . . The Consort works in an area of specialized interest and really needs a protected environment to work in.

Its membership includes some of the best musicians in Washington, their programs bubble with imagination and vitality, and they help to keep the Smithsonian in touch with what is happening today.

To put it simply, once you have seen the Hope Diamond, you have seen it—but every time you go to hear the Twentieth Century Consort, you can expected to experience something new and exciting. If its programs are eliminated from the Smithsonian, that Institution will be taking a long step back toward the status of the Nation’s attic.

Mr. Tony Ames says,

His comments represent our own views. We must have a protected environment or we will be unable to continue acquainting the public with the serious art music of our time, and aiding in the establishment of a lasting body of Twentieth Century masterpieces.
We ask your help. Perhaps with the support of Congressman Yates and other concerned individuals, we may be able to avert a disastrous situation.

Disastrous situation. That goes into the record.
[The letter of Tony Ames follows:]
Mr. Michael Dorf  
c/o The Honorable Sidney R. Yates  
Rayburn Building, Room 2234  
Washington, D.C. 20515

Dear Mr. Dorf,

My colleague Christopher Kendall and I appreciate the opportunity of expressing our views regarding the 20th Century Consort's relationship to the Smithsonian Institution. Our thoughts on the subject begin with the view that the music performed by the Consort represents an absolutely critical element in contemporary culture.

To begin with, the music performed by the 20th Century Consort is the contemporary expression of the great Western musical tradition. Just as the great masterpieces in this tradition are among the supreme achievements of their time, music performed by the Consort represents the living manifestation of this heritage and the creative foundation for the future of the art. Furthermore, many of the artists-composers of these works, are American men and women who bring to the concert stage an exciting, fresh perspective, at once universal and uniquely our own.

It is hardly necessary to say that the well being of a civilization is mirrored in the state of its art. Music is an indispensable part of that art, and as such must be nurtured and cultivated in its contemporary form. No activity could be more central to an institution devoted to its national culture. In our view, the Smithsonian's commitment to the reflection and cultivation of American culture can not be complete without substantive support for the music and musical performances of 20th Century America.

During the past six years the 20th Century Consort has enjoyed remarkable residency support at the Smithsonian. The form of this residency has been unique in America and has produced musical results of lasting significance and furthered the purpose of the institution. During this period the Consort has performed works of over one hundred major 20th Century composers and performed numerous world premieres. The Consort continues to broadcast its concerts both locally and nationally. It has been featured in television broadcasts, toured, and appeared at major music festivals. The Consort has recorded two double record albums of recent works by American composers. As a part of the Millennium Ensemble Association the Consort has contributed to the production of a series of National Public Radio style programs on the subject of Western music and is in the process of developing a ten episode PBS television series on the same subject. In addition to local critical acclaim, the Consort's performances and recordings have been hailed throughout the country.

F. Anthony Ames, Producer  
Christopher Kendall, Artistic Director  
1235 Potomac St., N.W., Washington, D.C. 20007  
202-547-3388  
March 24, 1983
Music critic Joseph McLellan of the Washington Post recently wrote the following commentary on developments at the Smithsonian Institution:

"Probably the most clearly endangered musical attraction at the Smithsonian, and one that most clearly deserves special efforts to preserve its life, is the Twentieth Century Consort.... The Consort works in an area of specialized interest and really needs a protected environment to work in. Its membership includes some of the best musicians in Washington, their programs bubble with imagination and vitality, and they help to keep the Smithsonian in touch with what is happening today. To put it simply, once you have seen the Hope Diamond, you have seen it--but every time you go to hear the Twentieth Century Consort you can expect to experience something new and exciting. If its programs are eliminated from the Smithsonian, that institution will be taking a long step back toward the status of the nation's attic."

His comments represent our own views. We must have a protected environment or we will be unable to continue acquainting the public with the serious art music of our time, and aiding in the establishment of a lasting body of 20th Century masterpieces. We ask your help. Perhaps with the support of Congressman Yates and other concerned individuals we may be able to avert a disastrous situation.

Once again thank you for your concern. If you have any questions please do not hesitate to contact me.

Sincerely Yours,

Tony Ames
Executive Director

F. Anthony Ames, Producer
Christopher Kendall, Artistic Director
1235 Potomac St., N.W., Washington, D.C. 20007
202-547-4386
CONSORT DEFICIT

Mr. Jameson. When was that dated?
Mr. Yates. March 24, 1983, about two or three weeks ago. Do you want to comment?
Mr. Jameson. No. I am simply interested, sir.
Mr. Yates. Yes. Well, I guess the question is, shall we assume the deficit? How much of a deficit did the Consort have? You had a $2.5 million deficit, but how much was attributable to the Consort?
Mr. Hughes. It was not that large. We anticipate some further deficit this year. I think Mr. Lerner’s comments and others here make it quite clear that we are continuing the Consort, whether as fully as others suggest they would like, obviously not. But we are attempting to give it a protected environment, and my recollection is there is a fairly significant subsidy in the current year’s budget for that purpose.
Mr. Yates. But how much? I am trying to find out. You have told us of a $2.5 million deficit.
Mr. Hughes. Yes. Most of that was records last year.
Mr. Yates. All right. Then how much of that, even “most,” Sam, doesn’t tell us anything. Is it possible to tell the committee how much of that deficit was attributable to the Consort?
Mr. Jameson. Not at this moment, sir. May we provide that?
Mr. Yates. Can you provide it for the record?
Mr. Jameson. May we also augment that by describing the relationship for this year in the same document?
Mr. Yates. I wish you would.
[The information follows:]

20TH CENTURY CONSORT DEFICIT

The four performances of the 20th Century Consort in fiscal year 1982 resulted in income of $4,500 (484 paid attendees) and expenses of $58,700. (The loss of $54,200 was part of the Division of Performing Arts deficit of approximately $2.5 million.) For fiscal year 1983 it is anticipated that income will be $3,300 with expenses of $45,000 for a loss of $41,700. Expenses in both years included $10,000 for program development, paid to the Consort.

The 20th Century Consort performances will be continued in fiscal year 1984 at the Smithsonian under the management of the Resident Associates Program with the same number of concerts (four) as in previous years. A contract was signed on March 25, 1983: The National Endowment for the Arts awarded the Consort $7,000 for the series; and the Resident Associates Program will pay the Consort an additional $7,000. The sum of $14,000 is a substantial fee for a four-concert season for a chamber group, and the Consort’s managers and the players appear satisfied with the new fee structure and Resident Associates Program arrangements. Through the National Endowment for the Arts grant, the elimination of the program development fee of $10,000 and a considerable reduction in support costs, and with a very strong promotional effort, it is hoped that the financial loss of the 20th Century Consort will be considerably reduced in fiscal year 1984. Moreover, series attendance fees have been reduced to attract larger audiences. Planning indications show that a loss of approximately $17,000 is likely.

Also provided for the record is the April 6, 1983, Washington Post article which notes the savings of the Consort as well as the Emerson String Quartet by the Resident Associates Program and the return of jazz to the performing arts program. The Resident Associates Program is planning an extensive performing arts program for the coming year that will at least equal in quantity and quality the music of the previous seasons under the Division of Performing Arts.
Rescued: The major programs of the Smithsonian’s defunct Division of Performing Arts are being reborn under Janet Solinger, head of the institution’s Resident Associate Program. The division was dissolved recently in a reorganization, and its employees assigned to other Smithsonian programs. The Emerson String Quartet, Solinger said, will perform at the Renwick Gallery and the 20th Century Consort at the Hirshhorn this fall and winter as usual. The jazz program will have a new and intensely local format: “The Smithsonian Salutes Washington Jazz.” The Explorer music series will have a broader range to include more work from Africa and Latin America. The popular Discovery Theater children’s shows, with their puppets and mimes and other entertainments, will continue in the Arts and Industries building. The dance, country music, musical theater and black American culture programs will all be continued in one way or another. Solinger said she is especially pleased at continuing the chamber music groups. “I was very eager to keep those groups for the Smithsonian,” she said. “I thought they were wonderful and important.”

THE NEW YORK TIMES ARTICLE

Mr. Yates. I started to read from the New York Times article. They say, “It is not just a simple reorganization, it is crippling. This was disputed by Phillip S. Hughes.”

Sam, you are Peter at the dike all the time.

“Under secretary of the Smithsonian, who was asked whether the program would be crippled. I don’t think so; he said. We are reorganizing to integrate music, dance, and the performing arts in general, and to get better management on dollars and cents basis.

“Mr. Hughes said the Smithsonian music programs had lost $2.5 million last year and said we are going to have to do some picking and choosing so that we don’t lose so much.

“The musicians, who are concerned that the picking and choosing will eliminate most programs, have mounted an effort which they acknowledge may be too late, to enlist support from members of Congress.

“The congressional arts caucus—-

Are you a member of the arts caucus?

Mr. McDade. I am not, Mr. Chairman, no.

CONGRESSIONAL ARTS CAUCUS LETTER

Mr. Yates. I am not either. “The congressional arts caucus wrote to Mr. Ripley on Monday saying, ‘We believe these major changes, if implemented, could weaken one of the museum’s most valuable programs.”

The letter signed by Mr. McDade’s good friend and mine:

Thomas J. Downey, Democrat of Long Island and its vice chairman, Representative James M. Jeffords, Republican of Vermont, noted last year hundreds of thousands of visitors had enjoyed holiday celebrations, lectures, festivals and performing events on the Mall. Millions heard Smithsonian performances on the radio and on records, the letter added.

Patricia Mathews, a vice president of the Community Foundation of Greater Washington said of the reorganization, “It is a major blow.” She said it would reduce the amount and variety of music available to Washingtonians and tourists.

How do you feel about that, sir?

Mr. Hughes. About like I did when they called.
Mr. Yates. Is it that you don't like Twentieth Century music?
Mr. Hughes. I am not able to fully appreciate Twentieth Century music, but I am not making the decision as to whether Twentieth Century music goes on.
Mr. Yates. But you are, are you not?
Mr. Hughes. No.
Mr. Yates. Mr. Kennedy throws up his hands.
Mr. Kennedy. He does, Mr. Chairman. Mr. Hughes is mistaken. He does like Twentieth Century music, but just not all Twentieth Century music. He has been known actually to whistle or to sing some Twentieth Century music.
Mr. Yates. Can you tell us which?
Mr. Kennedy. No, not after he whistles it or sings it. But it is reputed to have been Twentieth Century music and the last sentence of the letter is simply not the case.
Mr. Yates. The letter or article?
Mr. Kennedy. The article says the amount of music made available to the public in the Washington area by the Smithsonian area will be diminished and that is not the case. We were already increasing the amount of music we perform for the people in Washington, and we are going to increase it yet further in two new facilities, neither of which have been built with Federal funds.
One is a bandstand which we are getting installed on the west end of the Museum of American History, which is a facility for public performance of music for people who are outside and don't have to buy tickets for it.
We have another facility inside the museum where, likewise, free concerts will regularly appear in American 19th and 20th Century music, some of which we can all whistle.
Mr. Yates. Yes, but I think the letter is referring not to musical comedy——
Mr. Kennedy. Nor are we necessarily.
Mr. Yates. I see.
Mr. Kennedy. No, no. We are very serious about music.
Mr. Yates. No, I remember some wonderful concerts at your shop on Twentieth Century musical comedy. But do you also include the works of modern classical American composers?
Mr. Kennedy. We do, yes. Another aspect of our work with which you are familiar is the way in which the musical instruments collection is presented in playing circus music of all periods. Indeed, that is a primary reason for the Smithsonian being in the music business because we have a great collection of instruments of all sorts, band as well as string instruments and we are enlarging——
Mr. Yates. Do you put on dramas, too?
Mr. Kennedy. We are going to do that, including original drama, next fall. Yes, sir. We are.
Mr. Yates. But where will you put it on? The reason I ask that question is that the Arena is looking for some kind of financial help. I wondered—well, how many people will be able to see the drama as you contemplate putting it on in the Smithsonian facility?
Mr. Kennedy. Not nearly enough. The facilities are not adequate for that purpose. We are trying to provide in the facilities we have got the best we can do for the public, but a serious response to your inquiry is that there is not on the Mall an appropriate performing facility for dance or drama, or, for that matter, for a large repertory of music which requires such a facility.

Mr. Yates. Should there be in view of the presence of the Kennedy which offers those facilities?

Mr. Kennedy. In the long haul, yes, I believe there should be.

Mr. Yates. Which is the long haul? H-a-l-l or h-a-u-l?

Mr. Kennedy. I better not. I would think in the course of the next generation, the relationship between large quantities of people moving along the Mall and their appetite for music will require some greater satisfaction than it now receives.

Mr. Yates. For which there are no facilities?

Mr. Kennedy. No, sir. Because the auditoriums that were built on Mall facilities were largely created for lectures and films, a different kind of facility.

20TH CENTURY CONSORT SCHEDULE

Mr. Yates. Okay. One more question. How much will the Twentieth Century Consortium schedule be cut down, do you know that?

Mr. Jameson. I do not, sir. I would like to put that in that same paper.

Mr. Yates. Who would know that? Would you be the one to know that on the Smithsonian staff or would there be somebody else?

We know about four concerts at the Hirshhorn.

Mr. Jameson. I think Mrs. Solinger could not be with us today. She would be the principal person.

Mr. Yates. She is in charge of the Consort.

Mr. Jameson. She is in charge of the Resident Associates Program, yes, sir.

Mr. Yates. Would you also, in addition to placing that testimony in the record, place in the record an estimate as to what it would cost to continue the same size program as the concerts held last year.

Mr. Jameson. Yes, sir.

[The information follows:]

TENTIETH CENTURY CONSORT PROGRAM

The contract signed between the Smithsonian Institution (Resident Associates Program) and the Twentieth Century Consort provides for a series of four performances, the same size program for fiscal year 1984 as took place in fiscal year 1982 and fiscal year 1983. This program is estimated to cost the Institution $21,000 as compared with $58,700 in fiscal year 1982 and an estimated $45,000 in fiscal year 1983.

AMERICAN ARTS PROGRAM

Mr. Yates. What is the reason for discontinuing programs aimed at local school children? The deficit?

Mr. Hughes. The American Art Program, local school children. Mr. Eldredge, do you want to talk to that?

Mr. Eldredge. Charles Eldredge.
Mr. Yates. You say in the justification, some programs which were aimed at the local school children could be provided by other local agencies were discontinued. Do you know if, in fact, they will be provided by other local agencies?
Mr. Eldredge. Yes, they will be. That specific program, graphics aimed at 400 high school students, is continuing under sponsorship of the Resident Associates Program.
Mr. Yates. So it will be continued. So there should be no outcry.
Mr. Eldredge. We hope not.

**PRE- AND POST-DOCTORAL FELLOWS**

Mr. Yates. On A-62, you discuss the pre- and post-doctoral fellows in residence at the museum. How much do these fellows receive?
Ms. Ellsworth. At present our pre-doctoral fellows receive a stipend of $10,500 a year and post-doctorates, $17,500 a year.
Mr. Yates. What do they do for that, they just receive it?
Ms. Ellsworth. They work very hard at their research for which they are selected competitively. They work in our museums and other bureaus with our senior staff.
Mr. Yates. Is that stipend equal to others given to fellows of other institutions?
Ms. Ellsworth. It is in the middling range.
Mr. Yates. Now, is the amount made available to the fellows in addition to any salaries they already receive?
Ms. Ellsworth. No.

**PAINTINGS ON LOAN**

Mr. Yates. All right. 1982, February 11, the Washington Post said an effort is being made to track down the material the National Museum of American Art has loaned to other Government agencies. How successful has that search been?
Mr. Eldredge. We have located and retrieved over the last three or four years a significant body of work. I can't give you the specific answers.
I could enter it into the record.
Mr. Yates. Well, are there some you weren't able to find?
Mr. Eldredge. There are some that have not yet been located, yes.
Mr. Yates. Are you the agency, yes, you are, aren't you, that loans paintings to congressional offices?
Mr. Eldredge. Yes, sir.
Mr. Yates. Those, I take it, are not lost?
Mr. Eldredge. No. Those, I believe, have all been tracked.
Mr. Yates. Who are the miscreants?
Mr. Eldredge. I can't identify them for you. They are in some cases loans that date well back over the decades.
Mr. Yates. Do they?
Mr. Eldredge. As administrations have changed, objects have—
Mr. Yates. Do you call in your loans after a certain time?
Mr. Eldredge. We do now.
Mr. Yates. Do you check them? How do you do it?
Mr. Eldredge. Ever since 1979, loans are made for a finite period of time. They are checked in the course of that time period and recalled or renegotiated at the conclusion of the loan period.

Mr. Yates. You have paintings in the White House, too?
Mr. Eldredge. Yes. We have in the past. I don't know if we do today, but we have.

Mr. Yates. How many paintings are still out on loan?
Mr. Eldredge. I cannot give you that answer.

Mr. Yates. You don't know offhand. Would you guess it was a substantial number?
Mr. Eldredge. I would guess not more than a hundred, 150, but I will check that and get that for you.

Mr. Hughes. Would you like that for the record?
Mr. Yates. I would, indeed.

[The information follows:]

National Museum of American Art, Inventory of Art Works Lent to Government Agencies

925 art works lent by the NMAA over the past 60 years were inventoried at 38 government agencies between January 1981 and May 1983. 503 of these were returned to the NMAA. 108 of the 925 are currently unlocated. Presently 314 art works are on loan to government agencies from the NMAA.

Reconciling Records

Mr. Yates. February 11, 1982, the article to which I referred, said that Mrs. Sheila Gottsman took 14 months to find loaned art work. She or you rescued an oil painting by a well-known American artist from the rest room in a Government office building, right?

Mr. Eldredge. That is what I understand. That occurred some time ago.

Mr. Yates. Okay. How well known is the American artist?
Mr. Eldredge. I don't know who the American artist was, so I can't answer.

Mr. Yates. Then they discovered a famous sculpture on top of an abandoned refrigerator in the basement of a Government store-room. You don't know about that either?
Mr. Eldredge. This, sir, was based upon a press release issued a year or year and a half ago. It has been continually republished.

Mr. Yates. No one is quite sure how many pieces of art have been lent to Federal agencies, the Supreme Court and White House since 1936. The museum has 25,546 pieces of art listed in its collection. Officials believe 1100 art works were loaned to other agencies. But until the museum's entire collection is counted, Johnston said it would be impossible to tell what is missing.

Now, are you counting the entire collection or have you finished counting the entire collection?
Mr. Eldredge. Yes, our physical count is, as of last report, 97 percent complete and that total count is now up to nearly 27,000, slightly more, objects.

Mr. Yates. You have the same problem as other agencies?
Mr. Eldredge. Yes, we do.

Mr. Yates. Of reconciling records?
Mr. Eldredge. Yes, we do.

COMPLETION OF INVENTORY

Mr. Yates. I asked you, Mr. Hughes, to let us know what reasonable sum of money you thought would be necessary to help your associates get through with their inventory and reconciliation process much more quickly than the ten years that had been suggested by Mr. Peratino.

Mr. Hughes. Yes. I had thought, Mr. Chairman, the question was addressed particularly to the gems and minerals collection. We have dealt with that problem.

We think—I would like to expand on the total problem of reconciliation separately. But we think—"we" includes Dr. Fiske and the gems and minerals people who think that the reconciliation can be accomplished, to the extent it can be reasonably accomplished at all, within the next few months, and essentially with resources that we have.

Is that an accurate statement, Dr. Fiske?

Mr. Fiske. Yes, within a few months we will be able to identify objects that are missing, and then we can determine then whether it is cost effective to press forward.

Mr. Hughes. I would like to have over the next several weeks some discussions within the Smithsonian of what we exactly mean by reconciliation and how far it is worthwhile to carry the process.

Mr. Yates. Okay. We don’t mean to limit it to gems and minerals.

Mr. Hughes. No.

Mr. Yates. Because, obviously, he needs that too for his paintings.

Mr. Hughes. Yes.

Mr. Yates. Mr. Kennedy needs it for his records. I assume most of your people who are finishing up on the inventory have to do the reconciliation process, so you better call them all in. We don’t want to limit it to gems and minerals.

Mr. Hughes. I understand.

Mr. Yates. We want to put you on a know-it basis as quickly as possible, know what you have.

Mr. Hughes. My more general comment with respect to reconciliation is that I personally feel, and I think my colleagues will attempt to straighten me out on this, but I personally feel that the process of reconciliation is going to be carried on more rapidly and with equally good effect than some of our prior estimates have indicated.

I simply think that there is only a certain distance that one can go in this process, at which point we have to decide, A, the records are bad, B, we never had the object, or C, we lost it.

The depth of the reconciliation should be adapted to the intrinsic value or scientific value of the object and to the validity of the records as best we can judge that.

I think there are a lot of cases, a lot of objects, bones, grasshoppers, and what have you, where it will not pay us to pursue this very far.
But to give you an answer institution-wide to your question, we are going to need some more time, but we will try and do it.

Mr. Yates. How much time will you need?
Mr. Hughes. I would like a month or two and give you a report.
Can I do that?
Mr. Yates. I will give you a month.
Mr. Hughes. All right, sir. We will do the best we can in a month.
Mr. Yates. Because I would like to get that estimate before the markup on our bill.
Mr. Hughes. We will do the best we can in a month.
Mr. Yates. You can do that?
Mr. Hughes. Yes.

**HIRSHHORN LOAN PROGRAM**

Mr. Yates. I anticipate the markup on our bill will be around June 1st, June 7 through 8. You have got until about June 2nd or so. Make it June 1st.

Hirshhorn Museum. A mention of loans to exhibitors of paintings, drawings, sculptures, and photographs of materials. Were the costs associated with the loan of those materials paid for by the receiving institution or by Hirshhorn?

Mr. Hughes. Mr. Lerner.
Mr. Lerner. I didn’t hear the question.
Mr. Yates. You loan things to exhibitors. There is a mention of loans to exhibitors of paintings, drawings, sculptures. You loan your beautiful objects to other museums or to libraries or other places which propose to show them to the public. Are the costs associated with such loans paid for by you or by the exhibitors?

Mr. Lerner. They pay for part of it. They pay for the shipping and insurance usually. Sometimes they pay a participating fee.

Mr. Yates. How does this differ from the SITES Program? Do you loan yours under the SITES Program?
Mr. Lerner. We do occasionally, yes.
Mr. Yates. You have other loans other than that?
Mr. Lerner. Yes. We organize exhibitions and see whether we can get any other museums interested in sharing them with us.

Mr. Yates. Have you got enough money this year?
Mr. Lerner. I think so, if we get the $200,000.
Mr. Yates. You want an increase of $200,000. How will this differ from the program for 1982?
Mr. Lerner. This money has to do with the behest Mr. Hirshhorn left. We are dealing here with approximately between 6,000 and 7,000 new works of art, all of which will have to be examined and processed in many different ways.

Then it is our intention to organize much of this material into groups of exhibitions which will be sent out, as well as long-term loans and short-term loans.

Mr. Yates. So what you are saying then is you think that the $200,000 is a fit subject for the committee’s approval?
Mr. Lerner. I would say so.
SACKLER GALLERY

Mr. Yates. Okay. Thank you. How much will the Sackler Building cost the Smithsonian?
Mr. Hughes. Yes, sir.
Mr. Yates. How much of that can you say is attributable to the Sackler Building?
Mr. Hughes. The Sackler Gallery consists of, as I understand it, a pavilion and parts of two lower floors, approximately a third.
Mr. Yates. A third of $75 million?
Mr. Hughes. Yes.
Mr. Yates. So you are giving him $25 million in exchange for $75 million?
Mr. Jameson. Plus $4 million for construction.
Mr. Hughes. $4 million cash.
Mr. Yates. From him to you?
Mr. Jameson. Yes, sir.
Mr. Yates. No Trust involved in that?

QUADRANGLE FUNDING

Mr. Jameson. It is part of the half of the $75 million, Mr. Chairman, that the Institution is raising.
Mr. Yates. Yes, that raises another question. How much of your share of the $37 million has been raised?
Mr. Hughes. My recollection is that it approximates $33 million.
Mr. Hohenlohe. $34.5 million has been raised, Mr. Chairman.
Mr. Yates. How much of that is out of the Smithsonian’s own trust funds?
Mr. Hohenlohe. From the Institution’s own trust funds, would be just under $10 million.
Mr. Yates. Is that in accord with the authorizing legislation? Were you required to provide the funds from outside sources rather than your own? What is the language?
Mr. Hohenlohe. I don’t believe there was any distinction in that language.
Mr. Yates. Have the Regents approved the expenditure of $10 million for this project.
Mr. Jameson. Yes, sir.
Mr. Hughes. Beyond that, they have underwritten the total in accordance with the provisions of last year’s legislation.

OUTSTANDING MORTGAGES

Mr. Yates. Does the Smithsonian ever make any loans anymore? Do you ever borrow any money?
Mr. Hohenlohe. No, sir. There are outstanding mortgages on some of the properties of the African Art Museum.
Mr. Yates. On "A" Street?
Mr. Hohenlohe. Yes. Mortgages that came with the property. We assumed the mortgages.
Mr. Yates. What is the total of those, would you put it in the record?
Mr. Hohenlohe. I certainly will.
[The information follows:]

**OUTSTANDING MORTGAGES ON NATIONAL MUSEUM OF AFRICAN ART BUILDINGS**

<table>
<thead>
<tr>
<th>Museum property</th>
<th>Lending institution</th>
<th>Unpaid principal balance</th>
<th>Interest rate (percent)</th>
<th>Term of mortgage</th>
</tr>
</thead>
<tbody>
<tr>
<td>324 A St. NE</td>
<td>do</td>
<td>3,604.68</td>
<td>5%</td>
<td>April 1965—April 1985.</td>
</tr>
<tr>
<td>330 A St. NE</td>
<td>do</td>
<td>73,599.38</td>
<td>111/4</td>
<td>June 1979—May 2009.</td>
</tr>
</tbody>
</table>

Total outstanding balance: 165,817.91

As of April 1983.

**DOUGLASS HOUSE**

Mr. Yates. By building. What happens to those buildings after the quad is built? Do you know yet?

Mr. Hughes. The proposal is to sell the buildings except for the Douglass House, and proceeds would be available.

Mr. Yates. What are you going to do with the Douglass House?

Mr. Hughes. Our presumption is it would be made a national monument, perhaps, or otherwise preserved.

**ANACOSTIA NEIGHBORHOOD MUSEUM**

Mr. Yates. In your new budget, are you hurting the Anacostia Neighborhood Museum at all?

Mr. Hughes. I don’t think so. Mr. Kinard is here.

Mr. Yates. Mr. Kinard, do you have enough money to operate your museum?

Mr. Kinard. At this time, Mr. Chairman.

Mr. Yates. You think so.

Mr. Kinard. Yes, sir.

Mr. Yates. Okay. If you don’t have, it is your fault from now on. Will the museum still have access to the elementary and secondary education office for providing service to the children in the neighborhood?

Mr. Kinard. Yes, Mr. Chairman.

Mr. Hughes. I see no reason that would change.

**SMITHSONIAN WORLD**

Mr. Yates. All right. *Smithsonian World* will be a T.V. magazine focusing on Smithsonian research expertise and artifacts. You have provided a first year budget of $4 million; right?

Who handles this?

Mr. Hughes. I can talk to that, Mr. Chairman.

Mr. Yates. Do you want the article?

You think you know it?

Mr. Hughes. We will wait and see. *Smithsonian world* is a project which has come to fruition relatively recently. It contem-
plates a series of one hour programs financed by McDonnell Douglas to be put on television, I believe, starting January 1984.

The format for those programs is just evolving. They are being put on by a producer named Martin Carr, with considerable support from our own television people, Mr. Cherkazian and Mr. Wolf, and with, of course, very substantial contribution from the scientists, artists, and historians within the Institution.

Mr. Yates. Do you get paid for it?
Mr. Hughes. Financing is entirely outside.
Mr. Yates. Will you get paid for it at all?
Mr. Hughes. No.
Mr. Yates. Who gets paid for it?
Mr. Hughes. It is a joint project of the Smithsonian and WETA. The funds received from McDonnell-Douglas will cover the expenses of the productions.

Mr. Yates. What happens if you have Institution employees who will be participating? Are they entitled to extra compensation for their participation in these programs, or is this considered to be a part of their normal duties?

Mr. Hughes. To the extent it is a part of their normal duties, they would not be compensated, obviously. To the extent that they might be specially involved, I suppose they could be compensated. But, under our general ground rules it would have to be outside of their normal duties and normal working hours.

Mr. Yates. Would they be compensated?
Mr. Hughes. Not unless they are working outside their normal duties and normal working hours.

Mr. Yates. How many of your employees receive outside compensation?

Mr. Hughes. I can’t answer that question.
Mr. Yates. Are they allowed to receive outside compensation?
Mr. Hughes. They can receive outside compensation for work outside their normal working hours, as I understand the rules.

Mr. Yates. Does this bear on the question of conflict of interest?
Mr. Hughes. Certainly bears on it. But their outside employment obviously should not produce a conflict. If it does, they are obligated to report it in the fashion that we were discussing this morning.

Mr. Yates. What does that mean in terms of these television shows? Does that mean that your employees who will be working for Smithsonian on these television shows and will necessarily have to perform these, and let the rest of their duties slip temporarily, wouldn’t they?

How do you handle something like this?
Mr. Hughes. First, there is the question of whether it requires letting any duties slip. I don’t see that as a——

Mr. Yates. Possibility, okay.
Mr. Hughes. Likely possibility. It seems to me in general the shows will be designed to pick up aspects of Smithsonian work, Smithsonian research, Smithsonian exhibits which will fit in reasonably well with the normal work of these people and will not be an immense drain on their time.

That would be our expectation. That was the thrust of the conferences with the producers and the other people who were involved.
CONFLICT OF INTEREST

Mr. Yates. Mr. Peratino, do you look at conflict of interest with employees?

Mr. Peratino. No.

Mr. Yates. You do not? Who determines, then? I guess the personnel committee looks at the reports for the upper echelon, and Mr. Ullberg, or that office, looks at them for those below the upper level. Who determines whether or not outside funds received by personnel, as I understand it they can receive outside funds, is in conflict with their Smithsonian duties—such outside funds may or may not be in conflict with Smithsonian duties?

The Personnel Committee and Mr. Ullberg and Mr. Powers' office?

Mr. Hughes. Yes. The individual himself has some responsibility for making that sort of a decision, for raising questions if he thinks there is a problem. Ordinarily, the outside income I think is of a sort which I think no one would regard as conflicting.

They are lecturing at one of the colleges in the community or are doing work which does not impair or conflict with what they are doing in the Smithsonian.

TREATY OF PARIS FILM

Mr. Yates. Let's talk about the film commemorating the 200th anniversary of the signing of the treaty in Paris. Is the Smithsonian going to charge for use of the film? Do you charge for your films now?

Mr. Jameson. Generally not. Films that the Institution produces which are on loan or can be loaned to other museums are not charged for. I cannot speak to that particular film. I would think not. I believe its intention is to use it on public television.

Mr. MacDonnell. I am Vincent MacDonnell. Usually if the Smithsonian produces a film, it makes it available for use without charge unless, for example, it is being used by commercial or public television, in which case there would be a nominal charge.

MUSEUM SUPPORT CENTER

Mr. Yates. Thank you. Did OMB provide ceilings to accompany the money added by Congress to begin staffing of the museum support center?

Mr. Hughes. An additional 28 workyears were provided in the current year.

Mr. Yates. When are you opening the support center?

Mr. Perrot. It will be dedicated May 16, Mr. Chairman. We have beneficial occupancy now. We are operating the building and expect to start moving personnel within the coming months and have it fully operational at least on a personnel basis by the end of summer.

Mr. Yates. Good. What about the question of protection? I assume your center will be adequately protected?

Mr. Perrot. It will be the next thing to Fort Knox, Mr. Chairman, if I have anything to say about it, and if Colonel Burke can carry out the plans he anticipates.
Mr. Yates. Does that mean you are moving the mineral and gems over?

Mr. Ferrot. The mineral collection, I think, in part will be moved. I don’t know about gems at the moment, Mr. Chairman, and I don’t want to know at this moment.

COLLECTIONS MANAGEMENT

Mr. Yates. Why did you show the increase of $250,000 for specimen object collections in the collections management program? Page 168 of the budget? That is just to wake you up, Mr. Jameson.

Mr. Jameson. Mr. Chairman, from time to time the committee has suggested to us that where there are like items in the budget that it would be helpful to the committee to bring them together in the presentation. I do know it has been helpful to us to aggregate them to produce a line item request, if you will.

The reasons why the $915,000 for ADP activity, including the amount you mentioned, is under Administration is to give that kind of visibility to the dollar request.

It also builds upon a number of important things which have taken place recently in the Institution. One is the completion of the museum support center which for the first time will mean that very substantial parts of the Institution’s collections will be off-Mall, increasing the requirement for information for communications, for sharing of data and for control.

The second one is the proprietary alarm system which is a system that will unify the Institution in terms of its security requirements.

Another is the inventory itself which is now largely completed and will be completed this summer. We have also produced and had approved by institutional management a general blueprint, if you will, for unifying the communications, data and word processing needs of the Institution. We felt it useful to aggregate these items under a single heading.

It is not an attempt by me to take over collections management or libraries, but simply to give visibility and importance to the budget request.

BUILDING CONTRACTORS

Mr. Yates. Mr. Peyton, have you had enough time to determine whether your experience with contractors on a selected basis rather than going to the lowest bidder is a desirable procedure?

Mr. Peyton. Not since I have been with the Smithsonian, but from prior experience, the answer is very much so. Much more beneficial.

Mr. Yates. That gives you the flexibility you need?

Mr. Peyton. Yes, sir.

Mr. Yates. Do you find it is usually much more economic to do it that way?

Mr. Peyton. About the same in the long run.

Mr. Yates. Have you had any complaint from GSA on nonselected contractors?

Mr. Peyton. No, sir.
Mr. Yates. How much more work is anticipated in fiscal year 1984 that needs to be done by contracting than is presently being done by existing staff?

Mr. Peyton. I don’t think I understand your question, sir.

Mr. Yates. Well, I will let you answer that for the record.

[The information follows:]

Contractual Services

In fiscal year 1984, it is estimated that additional architectural, engineering and related technical services costing $140,000 will be required to provide essential contract support services to the programs managed by the Office of Design and Construction. This cost and the related contractual services are in addition to currently funded staff resources and an existing base of $58,000 to provide for these contractual services. The use of highly qualified specialists to provide short term or intermittent advice and/or recommendations, of high quality, for complicated or involved technical building problems have proven to be successful, cost effective management technique for this office.

Office of Protection Services

Mr. Yates. Protection Services. The justification shows a net reduction of $856,000. How badly are you hurt by that?

Mr. Peyton. This information about this has come up several times during this current hearing.

Mr. Yates. Right.

Mr. Peyton. If you will recall, we asked OMB for 48 spaces and $720,000. That was denied by OMB, so therefore, it wasn’t presented in our budget.

Mr. Yates. You are now advancing it for the supplemental?

Mr. Peyton. That is correct.

Mr. Yates. You need it?

Mr. Peyton. Yes, sir.

Mr. Yates. Okay. How badly do you need—as I understand it, OMB deleted $1 million from your budget for this year. How badly does that hurt you?

Mr. Peyton. That was part of this three year program to catch up on security devices we mentioned earlier this morning totalling about $4.7 million. Last year we received the first of the three year increments. This year, if we get what we have asked for, we would receive $480,000.

Mr. Yates. $480,000 plus $366,000?

Mr. Peyton. Yes, sir.

Cooper-Hewitt

Mr. Yates. Okay. How much is presently available for the Cooper-Hewitt maintenance program?

Mr. Peyton. That is currently part of their S&E budget within the museum, and I don’t have those figures.

Mr. Yates. You want $150,000 to establish a repair program, operation, and maintenance?

Mr. Peyton. Yes.

Mr. Yates. Is it an ongoing cost, or is there an offsetting reduction?

Mr. Peyton. That will be an increase over what is presently being spent.
Mr. Yates. Forever?
Mr. Jameson. Mr. Chairman, it will be an ongoing program at that level. I do honestly feel that there will be some offsetting reductions in the sense that we will guard against boiler failures, air conditioning failures, and other failures that we have had up there in the absence of this program.

SPECIAL FOREIGN CURRENCY PROGRAM

Mr. Yates. All right. Let’s talk about foreign currency for a while. Mr. Peyton doesn’t deal with that, does he?
Mr. Hughes. No.
Mr. Yates. Especially foreign currencies program. How much has been provided to date for the forward funded reserve?
Mr. Challinor. This is the forward funded reserve of the American Institute of Indian Studies, $1.25 million.
Mr. Yates. How will that be used?
Mr. Challinor. That will be used primarily as an endowment fund in rupees to sustain the American Institute of American Studies when rupees are no longer in excess and available to the Smithsonian.
Mr. Yates. What happens to the money while it is in the reserve?
Mr. Challinor. I assume it is drawing interest in rupees.
Mr. Yates. Shouldn’t you know how many rupees you have available?
Mr. Challinor. What the interest rate is in Delhi today?
Ms. Ellsworth. Excuse me, Mr. Chairman. The foreign currency account is a noninterest bearing account. It is by an agreement with the Indian Government.
Mr. Yates. In India? How much is provided thus far for salvaging Moenjodaro by diverting the Indus River?
Mr. Perrot. In 1982, $960,000. In 1984, we are planning $1,040,000. There is $2 million more to go to complete the semi-official pledge of $4 million in Pakistani rupees to the project.
Mr. Yates. Okay. We have a number of questions we are not able to get to today. I have to go vote. We ask you to answer them for the record.
I don’t think we will call you back. Thank you.
[The information follows:]
Pay Supplemental

Question: There is a pending supplemental of $2,390,000. What are the components of that supplemental?

Answer: The pending supplemental of $2,390,000 is designated entirely for one-half of the higher salary and benefits costs resulting from the General schedule pay raise of October, 1982; Wage raises granted at various times throughout the year; the raising of the pay ceiling in January 1983, and payments of the Medical Hospital Insurance Tax for Federal employees also effective in January 1983.

Question: What is the full cost in fiscal year 1983 of the pay increase that went into effect October 1, 1982?

Answer: The full cost in FY 1983 of the increases that went into effect in FY 1983 is $4.8 million.

Question: What actions will the Smithsonian take to absorb the difference between the pay increase portion of the supplemental and the full year cost in 1983 of the October 1 pay increase?

Answer: To absorb the difference between the pay supplemental request and the full year cost, an absorption of $2.4 million, the Smithsonian is taking four actions. These are: 1) to delay the filling of vacancies (savings of approximately $700,000); to curtail the summer visiting hours schedule at Mall Museums (savings of approximately $300,000); to reapply utilities savings resulting from the milder than anticipated winter (approximately $600,000); and to curtail "other objects" expenditures (approximately $800,000).

Question: What will the impact on the Smithsonian programs be of absorbing those additional pay costs?

Answer: The absorption of additional pay costs will require the Smithsonian to defer purchases of supplies and equipment used in support of collections management, research and maintenance programs, to delay the filling of vacancies associated with those programs, and to defer research publications, thus depriving the scholarly community of access to original research results. The specific effects of such deferrals are to weaken the level of support available to Smithsonian museums and research organizations and to reduce the level of associated maintenance throughout the Institution. In addition, the Institution has limited extended summer visiting hours to two hours each evening during Easter Week and between the Memorial Day and Labor Day weekends (May 28-September 5).

Postage Costs

Question: A table at A-6 shows postage costs in 1982 of $1,058,000, that the 1983 base was only $842,000, and that the 1983 estimate for postage is $1,120,000. How will the difference between the 1983 base and the 1983 estimate be met?
Answer: The difference between the 1983 postage base and the 1983 estimate will be met by internal reprogramming from within the utilities account - from the bases available for electricity and steam to postage.

Question: What accounts for the difference between the 1983 base and the 1983 estimated costs?

Answer: The difference between the 1983 base and the 1983 estimate is accounted for mainly by the reduction of $251,000 to the Institution's FY 1983 postage request.

SAO Library Space

Question: The Smithsonian central space rental account will begin assuming responsibility for paying the cost of library space for the SAO in Cambridge, Massachusetts. What will happen to the $55,000 formerly budgeted by SAO for that library space?

Answer: When the Smithsonian Astrophysical Observatory and Harvard College Observatory libraries were consolidated in 1974, SAO's prorated share for occupancy of approximately 45 percent (5,080 square feet) of the 11,290 square feet of new library space was $55,000 annually. This amount was absorbed within the research budget. Should SAO receive the requested $55,000 to cover the rental of library space in FY 1984, the funds currently used for this purpose would revert to support research efforts.

National Museum of Natural History Equipment

Question: An increase of $50,000 is requested for additional equipment for the Museum of Natural History. What is the total equipment replacement estimated to cost?

Answer: The increase requested is for equipment in support of research, as opposed to collections storage equipment. The Museum is seeking not only to replace worn out equipment, but to purchase new equipment which did not exist before and which makes the research its scientists do much more effective. The Museum has 2,532 pieces of non-expendable scientific equipment, with an actual cost of $2,255,000 and a depreciated value of $880,100. The replacement cost can only be estimated, but would exceed $4,000,000. Not all of this equipment needs to be replaced. A continuing fund of $250,000 per year will provide for scientific equipment replacement and improvement.

Question: Over how long a time period does the Museum expect to replace the equipment?

Answer: Some kinds of major equipment have a maximum service life of ten years. For other items, such as microscopes, 20 years is not unusual. It is difficult to anticipate the length of time over which the Museum should replace its aging and worn out scientific equipment. Developing technology, far more than wear and tear, is the impetus behind the Museum's need for new equipment. Achievements with Scanning Electron Microscopes at the subvisual level are one example. Phase contrast microscopy, enabling much greater refinement of observation in the visual range, is another example.
The Museum purchased one of its two Scanning Electron Microscopes in 1976 for $88,000. It has just been overhauled, and should last for another three to five years. It would cost $125,000 to replace today. The Museum bought the second Scanning Electronic Microscope in 1981 for $144,000 and expects it to last another seven to nine years. It would cost $150,000 to replace today. Thus the Museum expects to replace equipment continuously, some pieces every three or four years and other instruments, such as microscopes, every 20 years.

Publishing Costs at the National Museum of Natural History

Question: An increase of $50,000 is requested to meet the increased cost of publishing manuscripts of basic research results. What are some of the publications and articles for which funds are being requested in this program?

Answer: Some of the titles published in FY 1982 in Smithsonian Series Contribution and their costs are illustrative of the titles waiting to be published in FY 1984.

Paleobiology #55 - "The Fossil Spatangoid Echinoids of Cuba," by Keir ($25,800)
Zoology #380 - "Taxonomy and Distribution of Stomioid Fish Genus Eustomias," by Gibbs ($12,900)
Anthropology #30 - "Plain Indian Studies: A Collection of Essays," by Ubelaker and Viola ($18,700)
Marine Sciences #14 - "Distribution of Recent Benthic Foraminifera in the Caribbean Region," by Buzas and Culver ($16,700)
Earth Sciences #24 - "Catalog of Meteorites," by Mason and Marvin ($7,100)
Zoology #355 - "Studies of Neotropical Caddisflies XXXI," by Flint ($3,400)
Zoology #362 - "Palaemonid Shrimps from the Amazon Basin, Brazil" by Kensley and Walker ($3,300)

(Total Series publications costs, FY 1982, $328,700)

Other journals (page charges i.e. fee assessed by publisher for the printing of scholarly material):

Paleobiology, "Time Resolution in fluvial vertebrate assemblages," by Behrensmeyer ($1,275)
Proceedings of the Biological Society of Washington, "Description of Mooreonuphis jonesi, a new species...", by Fauchald ($1,400)
Meteoritics, "Glanggand and Selakopi: Two new paired (?) Indonesian Chrondrites" by Fredriksson and Peretsman ($200)
Systematic Entomology, "Agra arboreal beetles of Neotropical forest," by Erwin ($175)
The Auk, "A critique of Cracrafts, Classification of Birds," by Olson ($525)

(Total page charges, FY 1982, $76,400)

Reprints:

Science, "1979 Eruption of Soufriere Volcano, St. Vincent," by Fiske et al ($400)

Bulletin of Marine Science, "Ophiuroids Flagrante delicto and notes on the spawning behavior of other Echinoderms in their natural habitat," by Hendler ($500)

Proceedings of the Entomological Society of Washington, "Lynchnuchoides frappenda from Central Mexico joins Lunus and Zweifeli in a Lunus group of Atrytonopsis," by Burns ($300)

Journal of Crustacean Biology, "A New Genus and Species of Asellote Isopod from the Great Barrier Reef, Australia," by Kensley ($50)

(Total Reprint costs, FY 1982, $19,500)

Lamb Collection

Question: An increase of $35,000 is requested for curatorial research to serve the African Art and Ethnology Collection in the Museum of Natural History and the Museum of African Art. What is the rationale for assigning that position to this Museum rather than to the Museum of African Art?

Answer: The rationale for assigning the new African Ethnologist to the Museum of Natural History/Museum of Man is that the Museum holds a far greater number and variety of objects from Africa than does the Museum of African Art. It should be noted most emphatically that the Museum of Natural History/Museum of Man and the Museum of African Art will collaborate closely in selecting the person to serve in this position, and it is fully expected that this individual will work freely in both museums and with both collections. The two museums look upon this position as an opportunity to build a solid bridge between their collections.
Smithsonian Astrophysical Observatory Fund Imbalance

Question: An additional $425,000 is requested to correct a financial imbalance of administrative support between appropriated funds and nonappropriated funds. In the event the increase is not approved, what actions would have to be taken by the Smithsonian in order to rectify the problem?

Answer: The principal objective of SAO over the past 25 years has been to establish a scientific program that is in the forefront of the field of astrophysics, and concurrently to provide a research base for the broad national efforts in space sciences. SAO has taken measures over the last several years to begin to remedy the imbalance. The latest corrective action was taken in FY 1983, when $100,000 was reprogrammed from the research base. Further reductions to the current federal base would seriously erode the quality of the research, the principal goal of SAO. It is doubtful that any immediate solution to correcting the entire imbalance could be achieved in the absence of new monies.

Question: Could the $55,000 the SAO has been paying for library space be applied against the imbalance?

Answer: Should SAO receive the requested $55,000 to cover the rental of library space in FY 1984, the funds currently being used for this purpose would revert to support research efforts and not be applied against the imbalance.

Question: Will there be an offsetting reduction to NASA if the increase is provided?

Answer: Yes. There will be an offsetting reduction to NASA as well as other sponsoring organizations because the Smithsonian Astrophysical Observatory overhead rate would be reduced by several percentage points. Once notified of the reduced rate, the funding agencies would have the option of taking back the savings or allowing them to be used to extend the scope of the scientific research on those grants and contracts in force at the time of the lowering of the overhead rate.
Publishing Costs at STRI

Question: An increase of $50,000 for STRI is requested for publications support. This would help reduce a backlog of unpublished data. What are some examples of the research publications that are in the backlog?

Answer: In general, the research publications that are now delayed are a series of long-term studies and observations undertaken on Barro Colorado Island focusing on such factors as climate, plant-animal interactions and their role in maintaining a balanced and healthy tropical ecosystem. This information is currently contained in the field notebooks of several scientists. It is theorized that the tropics are a stable ecosystem; however, with the long-term data gathering underway this notion needs to be reassessed by scientists throughout the world. With more data gathered over time, it appears the tropics may be more unstable than previously thought. Now that STRI has collected information over a long-term period, it is critical that this data be rapidly disseminated to a broad audience. This information may have a profound effect on how tropical areas are managed, and therefore must be immediately reviewed and applied before the threat of mass extinction or alteration occurs.

In addition to the publication of the above-mentioned studies, similar investigation of marine ecosystems are being made at STRI and also need to be rapidly disseminated to the world scientific community.

IMAX Films at NASM

Question: At page A-42 the exhibitions of the National Air and Space Museum are discussed. No mention is made of the IMAX movie of the shuttle Columbia. What is the viewing schedule for that film?

Answer: The IMAX film "Hail Columbia" is played on a double bill with "Silent Sky." The program began on December 17, 1982. From December 17 through 24, and from January 4 through March 31, the program was presented on Friday, Saturday and Sunday evenings at 6:00, 7:30 and 9:00 p.m. From December 26 through January 3, it was presented nightly at 6:00, 7:30, 9:00 and 10:30 p.m. Since April 1, it has been shown nightly at 5:15, 6:30 and 7:45 p.m.

Question: Is there a different price charged for viewing that film than the other IMAX films?

Answer: Since "Hail Columbia" is on a double bill with "Silent Sky" the admission fee for this double feature is $3.00 for adults, $2.00 for children, students, senior citizens and members of groups of 25 or more; whereas the admission to daytime shows is $1.00 for adults, $.50 for children, students and senior citizens.

Question: What is the reason for the difference in price?

Answer: There are two reasons for the difference in price: (1) the evening program consists of two films, while the daytime shows consist of only one and (2) the Museum incurs higher costs in presenting the evening program, notably film rental and protection costs.
Question: How much in admission receipts is collected?

Answer: From December 17, 1982 through April 26, 1983, gross revenues have totalled $162,838.50; net revenues have totalled $31,420.

Deer Population at Front Royal

Question: The Zoo proposed a hunt at its Front Royal conservation facility in order to begin reducing the white-tailed deer population there. The hunt was not held. What steps is the Zoo taking to control the deer population so as to minimize the possible effects on the endangered species and other species present at the conservation facility?

Answer: In 1982, the National Zoological Park proposed that a regulated and controlled deer hunt be employed to thin out the overabundant white-tailed deer population at the Zoo's Conservation and Research Center in Front Royal, Virginia. Even though such a regulated public hunt has proven to be an efficient and effective deer management solution elsewhere, many considered it an inappropriate solution for the National Zoological Park of the Smithsonian Institution. For many, hunting, even as a conservation strategy, evoked an image contrary to the Smithsonian's dedication to the preservation and conservation of wildlife.

Several alternative solutions have been examined, the most promising of which involves: (1) the construction of a second fence around intensively used areas of the Center; and (2) the removal of portions of the perimeter fence which surrounds the 3,000 acre property. This alternative also has the advantage of being relatively low cost. The second fence will serve as a second line restraint to any of the Center's exotic animals which escape from their primary enclosures and, at the same time, will create a barrier to the spreading of disease to exotic animals by the native white-tailed deer. The new second fence will be a 14 wire, eight feet high, high tension wire fence. (Approximately 4 miles of fence)

The perimeter fence around the 3,000 acres of the Center is six feet high in the least utilized wilderness areas of the property and eight feet high in other areas. The plan calls for removing 100 feet sections of the fence in areas where it is only six feet high. If given greater availability of food outside the property, dispersal of the deer population is likely. Occasional deer drives in areas where the deer have entered valuable crop land or close to exotic animal enclosures will move additional white-tailed deer into areas from which they can disperse into surrounding forests. It should be emphasized that the perimeter fence will be dropped only in the more remote areas of the property, not along roads, orchards, gardens, farms and the residential areas.
Workers World: Industrial Village and Company Town

Question: An exhibit at NMAH deals with "workers world: industrial village and company town." Does this exhibition draw on the New England experience at Lowell, Massachusetts?

Answer: No. It focused on villages along the Brandywine River, in Delaware, and communities such as that at Sparrows Point in Baltimore. This was a travelling exhibit produced by the Eleutherian Mills Hagley Foundation.

First Lady's Gown

Question: At page A-59 the justification indicates that the gown and accessories worn by Mrs. Reagan to the Inaugural Ball are being donated to the Smithsonian. Who donated the gown and accessories?

Answer: The gown and accessories worn by Mrs. Reagan to the Inaugural Ball were a gift to the Museum from Mrs. Ronald Reagan.

Question: When artifacts of this sort are donated, is the donor entitled to claim a tax deduction?

Answer: A donor is entitled to a tax deduction for a gift of this type. Whether or not the donor chooses to take it is between that individual and the Internal Revenue Service.

Senior Outreach Program

Question: Also at page A-59 there is a discussion of special purpose funds support the Museum's senior outreach program. What is the senior outreach program?

Answer: The Museum's senior outreach program provides elderly persons in the Washington, D.C., area who cannot easily travel to the museum with a five-week series of museum programs. To support the program during FY 1982-83, $10,000 of Smithsonian Trust funds (from the Educational Outreach Program) was matched by an equal amount from private foundations and corporations. Currently, outside private funds are being sought to redevelop and package the program into kits that can be mailed nationwide.

Question: What off-site museum experience was provided to senior citizens and how?

Answer: Part-time staff bring exhibit props and objects purchased especially for this purpose to nursing homes and senior centers to conduct discussions, demonstrations and activities on selected topics of American history. Nearly 6,000 senior citizens at 150 sites have participated.
Peter A. Juley and Son Collection

Question: At page A-64 under the Restricted Funds discussion, mention is made of funds from the Samuel Kress Foundation for the conservation and preservation of the Juley collection of photographic negatives. Will that grant complete the preservation? If not, what additional work remains to be done for the preservation effort?

Answer: Funding from the Samuel Kress Foundation is not sufficient in itself to complete the conversation and preservation of the Peter A. Juley and Son Collection of historic photographic negatives. In addition to the $114,000 which will have been received from the Kress Foundation by the end of FY 1983, an award from the James Smithson Society and corporate grants totalling $65,100 and $11,000 respectively have been secured to support this project. Through a separate agreement reached recently, the J. Paul Getty Center for the History of Art and the Humanities will purchase a print of each negative in the Juley Collection; sufficient additional funds thereby will be generated to support the preservation project through its projected completion in FY 1989.

International Tariff Commission Building

Question: What is the present likelihood of the Smithsonian acquiring the International Tariff Commission Building?

Answer: While we are not presently in a position to gauge the prospects of the building's availability to us, we can say that we are strongly interested in its use by the Smithsonian in association with the Patent Office Building directly across F Street and connected by a tunnel. The Patent Office Building now houses the National Museum of American Art, the National Portrait Gallery, and the Archives of American Art whose programs are growing and in need of additional space. We feel that the Trade Commission Building should be restored to protect its architectural and historical significance and used for public purposes.

Erastus Salisbury Field Exhibition

Question: One of the exhibitions proposed for 1984 for the National Portrait Gallery is a retrospective exhibition of the work of Erastus Salisbury Field, a student of Samuel F. B. Morse. This is organized by the Springfield, Massachusetts Museum of Art and presented jointly by the National Portrait Gallery and the National Museum of American Art. (p.A-68) What is the status of that exhibition?

Answer: The Erastus Salisbury Field exhibition will be shown at the Museum of Fine Arts, Springfield, Massachusetts, February 5, 1984 through April 1, 1984 and at the National Portrait Gallery/National Museum of American Art June 2, 1984 through September 4, 1984. Nearly all responses to loan requests are now in, the catalog is being edited, and everything indicates that the show is on schedule. The exhibit is also scheduled to travel to New York and San Antonio, Texas.
Question: What is the financial contribution of the Smithsonian to that exhibition and what will the financial contribution of the Springfield Museum of Art be?

Answer: The organizing of the exhibition—including the securing of loans, the assembly and disposal of works and the writing of the catalogue—is being completed on schedule by the Springfield Museum at a projected cost of $100,000. A $20,000 rental fee and $5,000 in estimated transportation costs are being charged by Springfield to NPG and NMAA and will be split equally between them. Also to be allotted by NPG and NMAA are funds totalling $70,000 for installation, $10,000 for public programs, and $20,000 for posters, banners and advertising. As is the customary practice, the Springfield and Washington museums will bear their own respective costs of invitations, and opening receptions of the exhibition.

Office of the Registrar Budget Reduction

Question: For the Office of the Registrar $93,000 is requested, a reduction of $39,000 below the 1982 actual. What is the explanation for that reduction?

Answer: In FY 1983, as part of a reorganization to provide better coordination and centralized review of Smithsonian automated collections management functions, two positions and $53,000 were transferred from the Office of Registrar to the Office of Information Resource Management.

Automation

Question: For the Smithsonian Institution Libraries, $3,633,000 is requested, a program reduction of $275 million. This reduction is related to the funds added by the Congress in 1983 for the equipment associated with automating the library system. Funds are requested in 1984 in the amount of $275,000 under Administration. What is the increase being requested under Administration rather than under the Smithsonian Institution Libraries?

Answer: Funds to continue the implementation of the library automation system are requested under Administration for two reasons. First, these funds will produce a system that will serve the library well but also will meet a wide range of other bibliographic needs, including archives and graphics materials. Second, including the request with other funds sought for automation brings these requirements together for Committee review and stresses the importance we give to developing automated systems in all important functional areas, and to the extent needed for research, public use, and administrative purposes, to tie those systems together.
Folklife Festival

Question: No program increase in requested for the American Studies and Folklife Program. The justification at page 131 indicates that the 17th Festival will be held on the Mall for two weeks during the summer of 1983. What are the dates of the Festival?

Answer: The 1983 Festival dates are June 23–27 and June 30–July 4.

Question: Who else participates in sharing the cost of the Festival?

Answer: In addition to Smithsonian Federal and non-appropriated Trust funds, the cost of the Festival of American Folklife is shared by the National Park Service, the Music Performance Trust Fund, and several individual program sponsors.

Tuition Reimbursements

Question: At page 132 the justification indicates that unrestricted funds are provided from tuition reimbursements from universities for students participating in various training programs. What tuition reimbursements are involved?

Answer: Last year $12,477 was provided the Smithsonian Institution from the two universities—George Washington University and the University of Maryland—participating in the American Studies Program. The amount varies with the number of graduate students doing academic work in American Studies at the Smithsonian.

Question: What is meant by the term tuition reimbursement?

Answer: The Smithsonian Institution receives one-half of the tuition paid by the participating universities by students enrolled in Smithsonian based courses. The 50 percent figure was negotiated between the Smithsonian and the participating universities. The reimbursement covers use of Smithsonian facilities and other aspects of participation, including honoraria and reimbursement for the services of outside experts used in the program.

Office of Elementary and Secondary Education

Question: Is the Office of Elementary and Secondary Education described at page A-139 the same Office of Elementary and Secondary Education under the Assistant Secretary for Public Affairs at page A-102?

Answer: Yes.
Question: If so, why isn't it justified under the Assistant Secretary which according to the justification has responsibility for the program?

Answer: The Office of Elementary and Secondary Education is under the responsibility of the Assistant Secretary for Public Service. However, because of its responsibilities which transcend organizational lines and its function, it traditionally has been justified in the Special Programs Section in the same line-item with other Smithsonian educational programs including the Office of Symposia and Seminars and Academic Programs.

Major Exhibition Program

Question: No program increase is requested for the Major Exhibition Program. The activities anticipated are discussed at pages A-150 and A-151. How will the 1983 and 1984 funds be allocated to what exhibitions?

Answer: For FY 1983, the appropriation of $840,000 has been allocated as projected in the budget that was submitted last year; i.e., $75,000 to begin work on an Evans Hall exhibition of archeological artifacts from the Holy Land, $100,000 to complete the program of monthly presentations of diverse cultural activities at the Renwick Gallery's installation of the "Celebration" exhibition, and $665,000 to continue the program of updating and improving the public exhibitions at the National Museum of American History. For FY 1984, the budget plan for major exhibitions—assuming Congressional approval—is to finance the installation of the Holy Land exhibition at $300,000; begin work on a major display of the traditional arts of India, to open in FY 1985 in the Evans Hall, at $60,000; and continue work on a range of new exhibits at the National Museum of American History, most notably "Industrialization of America" ($150,000), "Life in America, 18th century" ($325,000), and "Materials" ($50,000).

Question: How much of the special exhibition program funds are being allocated to remodeling of the National Museum of American History and the National Museum of Natural History?

Answer: $525,000 has been apportioned by the Smithsonian to the National Museum of American History for its reinstalllaction program. This is exhibit work, not "remodeling" in the normal sense of the word. No funds are being used for remodeling at the National Museum of Natural History/Museum of Man.
Question: How long does the Smithsonian expect to continue this "special exhibition" program as a separate activity in the budget?

Answer: The resources provided the Institution under the Major Exhibition Program represents a permanent and ongoing need, if the Institution is to take to heart its responsibility to offer the public two or three large and comprehensive exhibitions per year on topics that have benefitted from significant new research. The method of presenting the annual budget for these needs, and administering the allocation of resulting resources, need not, however, involve a separate line in the budget called "Major Exhibition Program".

Museum Support Center

Question: The amount of $8,456,000 is requested for the Museum Support Center, a program increase of $1,720,000 over fiscal year 1983. Did the OMB provide ceilings to go along with the money added by the Congress to begin staffing the Museum Support Center?

Answer: As shown in the FY 1984 Budget Appendix, OMB provided 3,298 full-time permanent work years to the Smithsonian which included an increase of 28 work years in FY 1983, and FY 1984 for the Museum Support Center.

Question: Please provide an explanation to the Committee of how construction proceeded on the facility, whether it was within budget, on time, etc.

Answer: Construction of the Museum Support Center started in early January 1981, with the award of the construction contract to the George Hyman Construction Company, Bethesda, Maryland. Construction operations proceeded in an orderly manner, without major interruption. The Smithsonian took occupancy on March 7, 1983, approximately two months past the contract completion date of January 7, 1983. Completion of the MSC was postponed due to delays in the manufacture, installation and testing of mechanical equipment. If the Hyman Company contends that the project was completed within the contract requirements this will become matter of litigation between the Hyman Company and GSA. At this time the project is viewed as being completed within the budget. However, because of possible litigation resulting from potential contractor claims and appeals and potential adverse decisions by the GSA Board of Contract Appeals, it is possible that the project budget will be exceeded by an amount not yet determined.

Question: Is the equipment program for the Museum Support Center on schedule?

Answer: Equipment for the Museum Support Center is programmed in two categories (1) laboratory and work area equipment and (2) collections storage equipment. Through FY 1982, an amount of $1,750,000 has been appropriated and used for the acquisition of portions of the laboratory equipment, as well as for portions of the protection system. An appropriation of $1,063,000 for FY 1983 is currently being used to continue this process. An additional amount of $750,000 or the Smithsonian's nonappropriated Trust funds also is
being used for the purchase of equipment for the Conservation Analytical Laboratory. Equipment already ordered and received is being installed, including such items as the large fumigation chamber and the computer system. Several of the laboratory areas, including the Conservation Analytical Laboratory and the Smithsonian Oceanographic Sorting Center will be outfitted and occupied during the coming summer months. The Institution is requesting $1,510,000 in FY 1984 for the remaining equipment.

Storage equipment for the storage pods is being acquired, with the assistance of the General Services Administration, in two parts. A contract was awarded on September 7, 1982 for the storage equipment for "wet" collections (collections stored in alcohol or formaldehyde) in Pod 3. Components are now being produced and delivered to the Museum Support Center for installation. This work is scheduled for completion in October 1983. Plans and performance specifications have been developed by the architectural/engineering team of Metcalf/KCF for the remaining storage equipment in Pods 1, 2, and 4. A bid opening date was initially scheduled for June 6, 1983. However, additional time was taken for the review process to assure that the complex plans and specifications, as well as the budget estimates, were satisfactory. A bid opening date is now scheduled for August 11, 1983, with notice to proceed scheduled for September 22, 1983. Once a contract is awarded, the Institution will be able to provide to the Congress a firm cost for the storage system.

Question: When is the Center expected to be fully operational and completely staffed and equipped?

Answer: Staffing for the MSC Director's office, the Building Management function and for the Protection and Plant Services Units is currently underway in anticipation of program occupancy which is scheduled to begin in late summer, 1983; full staffing for these units will be completed during FY 1984. Recruiting for the Conservation Analytical Laboratory positions is also underway to provide for additional needed conservation, research and training capabilities. Utilization of laboratory and work areas is not wholly dependent on transfer of all collections scheduled to the MSC. Among the earliest program units to occupy their facilities will be the Conservation Analytical Laboratory and the Smithsonian Oceanographic Sorting Center. All other laboratories will be made functional by the end of 1983. Collection relocation will begin early in FY 1984 with the transfer of "wet" collections from the Smithsonian Oceanographic Sorting Center and various units of the National Museum of Natural History to Pod 3.

Under the plans thus far presented in the Institution's "Five-Year Prospectus", the equipping of the storage pods of the Museum Support Center with storage equipment for the initial move (relocation of specified existing collections from Mall museums to the Museum Support Center) would extend through FY 1987 and would occupy approximately two-thirds of the available space in the four pods. The Smithsonian's "Five-Year Prospectus" indicates requests for smaller amounts of money each year for several years until storage equipment for growth collections has been provided and the MSC storage space has reached full capacity. Present planning indicates that it would be more economical and better for the collections to complete the equipping for the initial move by FY 1985. This would accelerate the move.
Invitations for bids for storage equipment for Pods 1, 2 and 4, are scheduled to be issued in June 1983 with a bid opening in August and contract awarded in September. The contract will provide for a base bid plus a series of options, to be exercised as funds become available. The contract also provides for unit prices for the needed shelves, drawers and doors to be installed into the system for containment of the collections. When the bids are opened in August, we will advise the Congress of the actual amounts required.

Financial Management Software

Question: An additional $100,000 is requested for financial management to initiate development and acquisition of financial management software to permit full integration of all financial data. What will be the benefit of providing additional $100,000?

Answer: With the $100,000 requested in FY 1984, the design and implementation of a computerized data base system will be initiated. Under this data base system, information will be accumulated and recorded in one computer system in a manner which will minimize the redundant entry of information into the computer with a corresponding reduction in data storage requirements. Accuracy of the data will be improved and with the elimination of duplicative files, which now reside in several computer systems, the need for reconciliation between these files will be reduced. In addition, users will be provided easier access to more comprehensive information on purchase orders and fund balances on a more current basis than the present monthly reporting cycle. In FY 1984, the development or purchase of software to covert the general ledger and funds control to a data base system will be initiated.

Question: How much is now available to automate financial recordkeeping and reporting?

Answer: There are currently no Federal resources available to the Office of Accounting and Financial Services to improve or develop new automated financial record keeping and reporting systems other than occasional staff time which can be redirected when day-to-day operating requirements permit. Approximately $200,000, the majority of Federal "other object" funds available to this office, is now required for computer time for current operations and production of monthly reports. Once the new system is developed over several years, these base funds will become available to operate and maintain the new system and the requested FY 1984 increase can be eliminated. Amortization of the personnel/payroll system is being paid from Unrestricted Trust funds at a cost of $150,000 to $170,000 a year through FY 1988. With implementation of the personnel/payroll systems, two to three work years of Trust fund staff time will be directed towards the definition of requirements and the design of the data base system.

Communication Enhancement

Question: An addition $125,000 is requested for communication enhancement and staff training. Of this, $50,000 will be for additional planning and $50,000 to establish an automated office training laboratory, and $25,000 is requested for training. What will be the results of providing this $125,000?
Answer: These funds will accomplish several purposes. The cable network which now includes the Smithsonian, Arts and Industries, Natural History, Freer, and Hirshhorn Buildings would be extended to encompass other Smithsonian buildings in connection with the development of bibliographic, collections management, and financial systems. This network will allow terminals and computers to transfer and exchange data ten times faster than telephone transmissions and without error. This is particularly important for the transfers of large amounts of data, for word processing, and for graphics. Training of Smithsonian staff in the use of the new systems will be accomplished. The proposed learning laboratory for office automation will provide on site opportunities for clerical, administrative, and other staff to receive unbiased help in evaluating among the wide range of equipment and systems available on the market and receive training. This learning center should save staff time and costs now spent in examining technologies at vendor sites and in obtaining vendor training.

Question: How much of the Smithsonian have facilities available at the present time?

Answer: As noted in the previous answer, the data-handling network presently connects only five Smithsonian buildings. There are no facilities for training such as we have proposed.

Question: What are examples of how this access to common data bases will work and how they will be used?

Answer: Throughout the Institution managers require access to the latest reports on their budgets and commitments and the balances of unobligated funds in order to plan for and manage their programs. Researchers and the public need information about objects in the National Collections and would like to have the ability to link such objects with books and articles written about them and with exhibition catalogues and other documentation of the objects’ provenance and use. Once basic information about objects, books, accounts, exhibits, activities, and space has been recorded in institutional data bases, management will be able to inquire about the budgetary implications of changes in Institutional exhibit schedules and explore the space, manpower and support consequences of these changes. Better coordination between collecting, public education activities, and exhibits across bureau lines in the Institution will be simplified, and other program enhancements made possible through integration of resources.

Rent Costs

Question: An increase in also requested in this program of $450,000 for rent. Of this amount, $400,000 has been discussed earlier for land at L’Enfant Plaza and $55,000 for the SAO. What is the total amount of rental that the Smithsonian pays?

Answer: The FY 1983 estimated total rent paid by the Smithsonian is $2,020,000, consisting of $1,329,000 in Federal expenses and $691,000 in nonappropriated Trust fund expenses. For FY 1984, it currently is estimated that a total of $2,201,000 will be needed
for rent of which $1,451,000 is the Federal share and $750,000 is the Trust fund share. The Institution's FY 1984 budget request included an amount of $1,680,000 as the Federal share for rent (the figure of $1,765,000 cited on page A-7 is not correct). This estimate of $1,680,000 has been revised to $1,451,000; therefore a sum of $229,000 can be relinquished. The following table compares the FY 1984 request with the current estimated need.

Analysis of Rental Costs

FY 1984 Request compared with current estimated need
(Dollars in thousands)

<table>
<thead>
<tr>
<th>Location</th>
<th>FY 1984 Request</th>
<th>Current FY 1984 Estimate</th>
<th>Difference Request vs Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>L'Enfant Plaza</td>
<td>$601</td>
<td>$505</td>
<td>$-96</td>
</tr>
<tr>
<td>North Capitol Street</td>
<td>764</td>
<td>631</td>
<td>-133</td>
</tr>
<tr>
<td>Sorting Center*</td>
<td>260</td>
<td>260</td>
<td>-</td>
</tr>
<tr>
<td>SAO Library</td>
<td>55</td>
<td>55</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>1,680**</td>
<td>1,451</td>
<td>-229</td>
</tr>
</tbody>
</table>

* As soon as the Museum Support Center building is accepted by the Smithsonian Institution, security and other systems which must be in place before full occupancy is possible will be installed. The installation is expected to be completed in September 1983 at which time the move of the Sorting Center is scheduled to begin. However, it will not be possible to begin the collection move until after the installation of the storage equipment, which is now scheduled for late November 1983. Once the equipment is in place, we estimate it will take nine and one-half months to complete the move of the Sorting Center's materials to the Support Center. Therefore, the amount of $260,000 shown in the FY 1984 budget request for the Sorting Center will be required in FY 1984.

** Total of $1,765,000 noted under Rental Space on page A-7 of the budget presentation was an incorrect figure, and did not take into account the FY 1983 Congressional reduction of $140,000.

Question: How much of this is based on the standard level user costs?

Answer: Approximately $260,000 is based on the standard level user costs. This amount is related to the rental of the Smithsonian Institution Sorting Center at the Navy Yard Annex.

Construction and Improvements
National Zoological Park

Small Animal Facility

Question: Of the total requested, $2,100,000 is for construction at the Front Royal Conservation Center, $700,000 for a small animal facility, and $1,400,000 for a veterinary hospital. Will this be the last appropriation for the small animal facility?
Answer: The $700,000 sought for FY 1984 is the final appropriation request for this facility.

Veterinary Hospital

Question: Is the amount requested for the veterinary hospital the full amount needed to construct and equip the hospital?

Answer: The funds requested will provide for the full construction of the hospital facility including basic laboratory equipment. Additional equipment such as X-ray and operating equipment will be requested in future years on a phased basis.

Question: How many veterinarians will be on the staff at the Front Royal Center in order to make use of this facility?

Answer: One veterinarian from Rock Creek will be transferred to Front Royal to provide full time support to the hospital facility. He will be supported initially by a small staff of animal keepers and a medical technician. In future years additional staff requirements will be defined.

Question: What private veterinary facilities are available in the Front Royal, Virginia area and why can't those be used in lieu of the construction of a separate hospital?

Answer: Local veterinarians do not have exotic animal expertise, and the Zoo must depend on the specialized experience and training of its own staff. The private local veterinarians are specialized in domestic animals. The Zoo has depended upon them in the past when feasible.

Sea Lion Exhibit

Question: $1 million is requested for renovation at Rock Creek, including $350,000 to improve the filtration system at the Sea Lion exhibit. Why is the existing system, which was only installed eight years ago, not adequate?

Answer: The present filtration system is not adequate to provide the required water quality for the 300,000-gallon exhibit. The required changes will incorporate new technology, including better and safer filter materials, that will permit a much more effective system than was possible just eight years ago.

Front Royal Improvements

Question: An additional $400,000 is also requested for renovation, repair and improvements at Front Royal. Will any of those funds be used to construct deer-proof fencing?

Answer: Yes, approximately $100,000 will be used to provide double barrier security for exotic hoofed animals, because removal of the perimeter fence will permit easy entry and exist of white-tailed deer.
Aquatic Habitat Facility

Question: The master plan table for zoo construction at page C-5 and page C-6 shows a footnote indicating that the aquatic habitat is now rescheduled beyond 1988. What is the present planning schedule for that facility?

Answer: Present plans call for it to be rescheduled beyond FY 1988.

Question: Why was it moved beyond 1986 as earlier contemplated when funds were requested in fiscal year 1982?

Answer: This exhibit originally was rescheduled to allow for additional design work. Taking into account revised cost estimates of the project (approximately $16 million), the Zoo determined that completion of other master plan construction and essential Conservation and Research Center development should have priority before a project of such magnitude is undertaken.

Restoration and Renovation of Buildings

Question: A table at page C-9 shows in broad detail how the $9 million will be divided. A table at page C-17 through C-19 shows facility by facility how the funds will be spent. How much has been spent on the Arts and Industries roof and exterior renovation?

Answer: From appropriations totalling $5.4 million in FY 1977, FY 1978, and FY 1980 - FY 1983, a total of approximately $3.5 million has been obligated with the remaining sum of $1.9 million expected to be obligated by September 1983.

Question: What will be the total cost of fixing the roof and exterior of that building?

Answer: The total cost is estimated to be $10.9 million.

Question: When will the work on the Renwick Facade be complete?

Answer: Work is expected to be completed by the end of CY 1985.

Question: What will the total cost of that reconstruction be?

Answer: The total cost of the reconstruction is estimated to be $5.45 million.

Question: Will any of the integrity of the Arts and Industries Building be threatened by the construction activity of the South Quadrangle facility?

Answer: No, the design and control of construction techniques for the South Quadrangle facility reflect proper concern for the integrity of all three buildings adjacent to the project.

Question: $450,000 is requested for an exhibit laboratory for the Anacostia Neighborhood Museum. What activity will be carried on in the exhibit laboratory?
Answer: The $450,000 is requested to permit construction of an annex to the existing exhibit laboratory. The annex will provide space for presentation of exhibitions, educational functions and administrative activities. Upon completion of the annex, the Carver Theater, which the Smithsonian now leases, will be vacated by the Smithsonian.

Question: Is it anticipated that the existing museum facility in the Carver Theatre would eventually be closed and all activity would be transferred to the Fort Stanton exhibit lab facility?

Answer: Yes, the museum activities now performed at the Carver Theater are to be transferred to the annex described in the previous question.
QUESTIONS SUBMITTED BY CONGRESSMAN JOSEPH M. McDade

Collections Management Policy

Question: What is your current policy regarding bequeaths to the Smithsonian -- of particular interest are instances where the former owner specified that the gift remain in the possession of the Smithsonian Institution?

Answer: The policy of all Smithsonian museums is that there is a general prohibition on the acceptance of restricted gifts or bequests. Exceptions to this policy must be approved in writing at the museum director level with recording of the restriction on all official accession records. As a corollary policy, our museums will accept an object for accessioning only when there is a good faith determination that the object will be retained in the collections for the foreseeable future. One of the first considerations in determining whether an object can be deaccessioned is whether the object has any restrictions concerning removal in which case the advice of the Office of the General Counsel is obtained.

Question: Regarding the deaccession of Smithsonian property, how many individuals are involved in authorizing a transaction? Who specifically?

Answer: Deaccessions are relatively few in number in relation to the number of accessions but are, like accessions, carefully reviewed and documented. Each museum has internal procedures which require appropriate curatorial review, the review of internal committee or the museum's advisory commission, and the approval of the director of the museum. (In the Museum of Natural History, specimens of modest value may be transferred to other educational organizations upon departmental review and the written approval of the chairman of the department.) In addition any deaccession estimated to have a value of $10,000 or more must have the approval of the Smithsonian's Office of the General Counsel, the appropriate Assistant Secretary, and the Secretary of the Smithsonian. Furthermore, a deaccession valued at more than $50,000 must also be approved by the Smithsonian's Board of Regents or, in exceptional circumstances, by the Executive Committee of the Board of Regents.

Question: In light of the recent Post articles depicting the past activities of Mr. Desautels regarding such sales, do you intend to change your current policy of deaccession of insure more safeguards?

Answer: Our present procedures continue to be reviewed for uniformity and proper levels of approvals. We believe the policies and thresholds we have described are both prudent and practical.
Collections Management Inventory

Question: I understand that you are in the process of inventorying all Smithsonian possessions. How far along are you in this process and approximately when do you expect to complete the task?

Answer: Our physical inventory began in 1978 and will be finished in June of this year. At that point, we will have a record of all objects and specimens presently in the possession of the Institution. The next step is a reconciliation of the physical inventory with documentary records (records which should clarify title status, indicate whether objects are missing, etc.). At that time, decisions will be made concerning those items that have not been found, and for those items that were found, but for which no records were located. It is difficult to estimate the time needed to complete this second step because so much depends on the number and complexity of problems which may arise in the reconciliation process. We are dealing with collections which have been gathered over a period of more than 130 years.

Question: How are you categorizing the objects (film, computer etc.)?

Answer: Most inventory records are being stored in computer files. In a few cases of high intrinsic value objects, the computer files are being augmented with photographic records.

Question: During the testimony on April 15th, there was considerable confusion over items in the gem and minerals collection that appear to be missing. Several individuals from the Smithsonian testified that these items could be in several places within the museum stock, however, other collections needed to be inventoried and cross-referenced before the whereabouts of the missing objects can be located. Are you putting into place a more reliable recording system for objects removed from their permanent location? Please detail.

Answer: The inventory record includes information on the physical location of each object or specimen. The collections policies and procedures of Smithsonian museums require that movements of objects or specimens be recorded.